

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

**Totowa, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
Totowa Board of Education  
Totowa, New Jersey  
For The Fiscal Year Ended June 30, 2011**

**Prepared by  
Business Office**

**TOTOWA BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

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

**FINANCIAL SECTION**

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

**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

Management's Discussion and Analysis	3-14
--------------------------------------	------

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1	Statement of Net Assets	15
A-2	Statement of Activities	16

**B. Fund Financial Statements**

*Governmental Funds*

B-1	Balance Sheet	17
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances	18
B-3	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the District-Wide Statements	19

*Proprietary Funds*

B-4	Statement of Net Assets	20
B-5	Statement of Revenues, Expenses, and Changes in Net Assets	21
B-6	Statement of Cash Flows	22

*Fiduciary Funds*

B-7	Statement of Fiduciary Net Assets	23
B-8	Statement of Changes in Fiduciary Net Assets	24

<b>Notes to the Basic Financial Statements</b>	<b>25-48</b>
--	--------------

**TOTOWA BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**C. Budgetary Comparison Schedules**

C-1	Budgetary Comparison Schedule – General Fund	49-55
C-2	Budgetary Comparison Schedule - Special Revenue Fund	56
C-3	Required Supplementary Information – Budgetary Comparison Schedule - Notes to the Required Supplementary Information	57

**OTHER SUPPLEMENTARY INFORMATION**

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

**E. Special Revenue Fund**

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	58-59
E-2	Schedule of Preschool Education Aid Expenditures – Budgetary Basis – Not Applicable	60

**F. Capital Projects Fund**

F-1	Summary Schedule of Project Expenditures	61
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	62
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Improvements to Washington Park School	63
F-2b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Roof Replacement and Repairs at Washington Park School	64
F-2c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Cafeteria Floor Replacement at Washington Park School	65

**G. Proprietary Funds**

<i>Enterprise Fund</i>		
G-1	Combining Statement of Net Assets – Not Applicable	66
G-2	Combining Statement of Revenues, Expenses and Changes in Net Assets – Not Applicable	66
G-3	Combining Statement of Cash Flows – Not Applicable	66

**TOTOWA BOARD OF EDUCATION  
TABLE OF CONTENTS**

		<u>Page</u>
<b>H. Fiduciary Funds</b>		
H-1	Combining Statement of Net Assets	67
H-2	Combining Statement of Changes in Net Assets – Not Applicable	68
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	68
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	69
<b>I. Long-Term Debt</b>		
I-1	Schedule of Serial Bonds	70
I-2	Schedule of Obligations under Lease Purchase Agreement – Not Applicable	71
I-3	Debt Service Fund Budgetary Comparison Schedule	72
I-4	Schedule of Loans Payable	73
<b>J.</b>	<b>STATISTICAL SECTION (Unaudited)</b>	
J-1	Net Assets by Component	74
J-2	Changes in Net Assets	75-76
J-3	Fund Balances – Governmental Funds	77
J-4	Changes in Fund Balances - Governmental Funds	78
J-5	Governmental Funds Fund Other Local Revenue by Source	79
J-6	Assessed Value and Actual Value of Taxable Property	80
J-7	Property Tax Rates	81
J-8	Principal Property Taxpayers	82
J-9	Property Tax Levies and Collections	83
J-10	Ratios of Outstanding Debt by Type	84
J-11	Ratios of Net General Bonded Debt Outstanding	85
J-12	Computation of Direct and Overlapping Outstanding Bonded Debt	86
J-13	Legal Debt Margin Information	87
J-14	Demographic Statistics	88
J-15	Principal Employers	89
J-16	Full-Time Equivalent District Employees by Function/Program	90
J-17	Operating Statistics	91
J-18	School Building Information	92
J-19	Schedule of Required Maintenance for School Facilities	93
J-20	Schedule of Insurance	94

**TOTOWA BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**SINGLE AUDIT SECTION**

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	95-96
K-2	Report on Compliance with Requirements that could have a Direct and Material Effect On Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular 04-04 – Independent Auditor’s Report	97-98
K-3	Schedule of Expenditures of Federal Awards	99
K-4	Schedule of Expenditures of State Financial Assistance	100
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	101-102
K-6	Schedule of Findings and Questioned Costs	103-106
K-7	Summary Schedule of Prior Year Findings	107

## **INTRODUCTORY SECTION**

**BOROUGH OF TOTOWA PUBLIC SCHOOLS**  
10 Crews Street  
TOTOWA, NEW JERSEY 07512  
**OFFICE OF THE CHIEF SCHOOL ADMINISTRATOR**  
Vincent Varcadipane Ed.D

Tel: 973-956-0010

Fax: 973-956-9859

November 29, 2011

Honorable President and  
Members of the Board of Education  
Totowa School District  
Passaic County, New Jersey

Dear Board Members:

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

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

The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State 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 ITS SERVICES:**

The Totowa School District an Independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the district are included in this report. The Totowa Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with

an enrollment of 1037 students. The following details the changes in the student enrollment of the District over the last five years.

**Average Daily Enrollment**

(Data Source: ASSA Report, including SE Students)

Fiscal Year	Student Enrollment 10/15	Total (End of Year)
10/03	966	968
10/04	914	930
10/05	958	973
10/06	974	993
10/07	985	995
10/08	997	1000
10/09	1019	1073
10/11	989	1037

**2. ECONOMIC CONDITION AND OUTLOOK:**

The Totowa area has stabilized development and expansion. The large number of businesses have result in rateables that keep the tax rate the lowest in Passaic County. The attractiveness of the Totowa tax base and the progressive school system, has been the catalyst for the purchase of houses for many families looking for housing maintaining property values.

**3. MAJOR INITIATIVES:**

**A. Totowa Education Foundation, Inc.**

The Totowa Education Foundation, Inc. has continued to flourish throughout the 2010-2011 school year. Students continued to engage in Foundation programs offered at no cost to our taxpayers. Continued success of Foundation programs is due to the commitment made from the administrative staff of the Totowa School District.

The Foundation sponsored "Kops for Kids" program (September through June) and the "Kops for Kids Summer Program" (July and August) continues to provide an important service to the community, as well as generating the majority of the revenue for extracurricular programming and technological equipment.

Extracurricular programming continued during the 2010-2011 school year. The middle school bowling league continues along with the interscholastic traveling boys basketball team, a girls traveling basketball team, interscholastic and an intramural volleyball program. The 2001-2002 school year saw the implementation of an annual musical production for middle school students complete with singing, dancing and a pit band. The musicals performed were:

- Bye, Bye Birdie* - 2001-2002
- Guys and Dolls* - 2002-2003
- The Music Man* - 2003-2004
- The Wizard of Oz* - 2004-2005
- Oliver* - 2005-2006
- Oklahoma* - 2006-2007
- Godspell* - 2007-2008
- Grease* - 2008-2009
- West Side Story* - 2009-2010
- Little Shops of Horror* - 2010-2011

The Ski Club continues to flourish with four ski dates at Mountain Creek. The Foundation is responsible for transportation costs. The musical was performed over three evenings including a weekend in April to an enthusiastic audience stunned by the quality of the production.

B. Community Partnerships - The PTO, Dwight D. Eisenhower Library, Police and Fire Department as well as the many local business make Totowa a community that works together.

The PTO serves as one of the District's strongest supporters and child advocate organizations. Extensive cultural arts offerings are financed through the efforts of the PTO. Through the Tricky Tray and Fall Fundraiser, two major sources of revenue, the PTO has continued to fund major initiatives in the district. In the past, PTO funds (50% of Tricky Tray revenues) have been used for technology equipment, outdoor lunch (picnic) tables for students, fencing/trees, enhanced sound systems and lighting in the gymnasium. For the 2010-2011 school year, the PTO donated approximately \$25,000 for more instruments for band.

Dwight D. Eisenhower Library and the school district is involved in a reading incentive program. By working cooperatively in planning this program this year, there were additional student readers as well as successful PTO sponsored Book Fair with over 100 parents and students participating in the evening program.

*Eighth Grade Science Fair* - Students share their inventions through a series of presentations that were judged by citizens at-large. The expectation is that this kind of support will continue to grow in the future.

#### 4. FACILITIES -

The district's Long Range Facilities Plan was approved in the summer 2006. All facilities have been maintained to the degree of excellence this community expects.

#### 5. INTERNAL ACCOUNTING CONTROLS -

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

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

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

#### 6. BUDGETARY CONTROLS -

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for

in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

**6A. PROPRIETARY FUNDS -**

This fund is established for the operation of food services, providing school lunch to the students of the district. This fund is financed and operated in a manner similar to private business enterprises. This fund is self-supporting primarily through recovered user charges and aid from the State of New Jersey.

**7. 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.

**8. CASH MANAGEMENT -**

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

**9. OTHER INFORMATION**

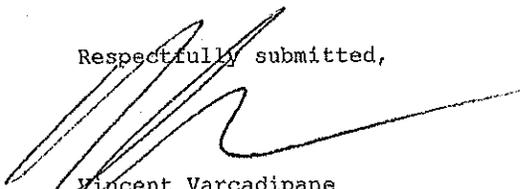
**A. Independent Audit -**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board's finance 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 Amendments of 1996 and the related OMB Circular A-128 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and individual fund financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS -

We would like to express our appreciation to the members of the Totowa 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,



Vincent Varcadipane  
Chief School Administrator



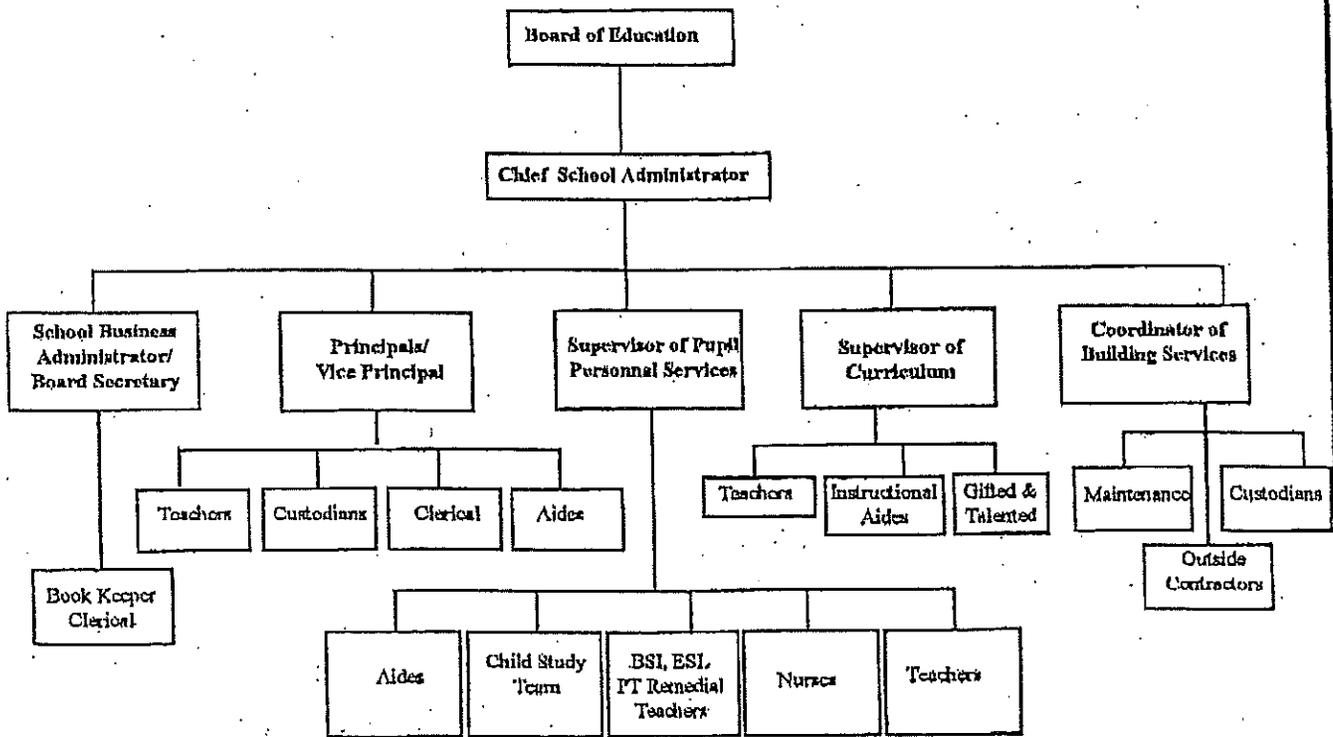
Colin Monahan  
School Business Administrator/  
Board Secretary

# POLICY

## BOARD OF EDUCATION BOROUGH OF TOTOWA

ADMINISTRATION  
1110/Page 1 of 1  
Organizational Chart

### 1110 ORGANIZATIONAL CHART



**TOTOWA BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Bruce Matano, President	2013
Anthony Zarek, Vice President	2013
Valerie D'Ambrosio	2014
Thomas Ferraro	2014
Beatrice Kerwin	2012
Michael J. Paese	2012
Jennifer DeCeglie	2014
Keith Schaffer	2012
Debbie Andriani	2013
<u>Other Officials</u>	
Vincent Varcadipane, Ed.D., Chief School Administrator	
Colin Monahan, Board Secretary/School Business Administrator	
Raymond B. Reddin, Attorney	

**TOTOWA BOARD OF EDUCATION  
Consultants and Advisors**

**Audit Firm**

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

**Attorney**

Raymond B. Reddin  
Piro, Zinna, Cifelli, Paris & Genitempo  
360 Passaic Avenue  
Nutley, New Jersey 07110-2787

**Official Depository**

Valley National Bank  
55 Union Boulevard  
Totowa, New Jersey 07512

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

## INDEPENDENT AUDITORS' REPORT

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

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

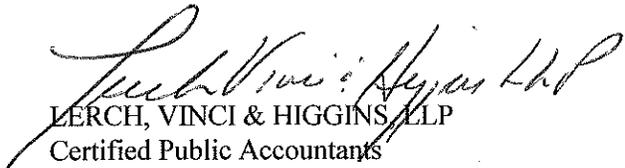
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Totowa Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Totowa Board of Education as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

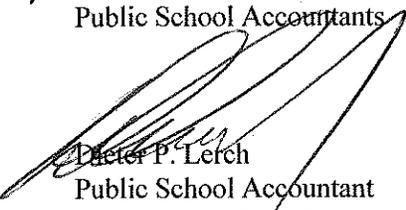
In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2011 on our consideration of the Totowa Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



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



Peter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
December 5, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **Totowa Board of Education**

## **Totowa, New Jersey**

### **Management's Discussion and Analysis**

#### **Year Ended June 30, 2011**

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

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

#### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2010-2011 fiscal year are as follows:

- The assets of the Totowa Board of Education exceeded its liabilities at the close of the fiscal year by \$5,054,167 (net assets).
- The District's total net assets increased through current year operations by \$112,298.
- Total government activities revenues were \$14,788,367. General revenues accounted for \$13,109,748 or 89% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,678,619 or 11% of total revenues.
- The school district had \$14,698,324 in expenses for governmental activities; only \$1,678,619 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$13,109,748 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,850,416. Of this amount, \$171,028 is restricted for debt service, capital reserve and capital projects, and \$262,082 is available for spending at the District's discretion (unassigned fund balance – General Fund),

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Totowa Board of Educations' overall financial status.

**Totowa Board of Education  
Totowa, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2011**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

- The remaining statements are fund financial statements that focus on individual parts of the Totowa Board of Educations', reporting the Board's operation in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Board's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance, administration and community education	Activities the district operates similar to private businesses:
Required financial Statements	Statements of net assets  Statement of activities	balance sheet  Statement of revenues, expenditures and changes in fund balances	Food Service  Statement of net assets  Statement of revenues, expenses, and changes in fund net assets  Statement of cash flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

# Totowa Board of Education Totowa, New Jersey

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

### District-Wide Statements

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

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

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

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

- *Governmental activities*- Most of the district's basic services are included here, such as regular and special education, transportation, administration and community education. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund is included here.

### Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The district uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

**Totowa Board of Education**  
**Totowa, New Jersey**

**Management's Discussion and Analysis (continued)**  
**Year Ended June 30, 2011**

The district has three kinds of funds:

- *Governmental funds*- Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds*- Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- *Fiduciary funds*- The District is the trustee, or *fiduciary*, for assets that belong to others such as payroll and payroll agency funds, as well as student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE TOTOWA BOARD OF EDUCATION AS A WHOLE**

The district's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-1 provides a summary of the school district's net assets for 2011 and 2010.

**Net assets.** The district's combined net assets were \$5,054,167 on June 30, 2011. (See Table A-1).

**Totowa Board of Education  
Totowa, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2011**

**Table A-1  
Statement of Net Assets  
as of June 30, 2011 and 2010**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 2,959,335	\$ 2,958,143	\$ 113,036	\$ 106,648	\$ 3,072,371	\$ 3,064,791
Capital Assets	<u>9,544,349</u>	<u>9,848,227</u>	<u>-</u>	<u>-</u>	<u>9,544,349</u>	<u>9,848,227</u>
<b>Total Assets</b>	<u>12,503,684</u>	<u>12,806,370</u>	<u>113,036</u>	<u>106,648</u>	<u>12,616,720</u>	<u>12,913,018</u>
Long-Term Liabilities	7,324,006	7,707,062			7,324,006	7,707,062
Other Liabilities	<u>216,027</u>	<u>225,700</u>	<u>22,520</u>	<u>38,387</u>	<u>238,547</u>	<u>264,087</u>
<b>Total Liabilities</b>	<u>7,540,033</u>	<u>7,932,762</u>	<u>22,520</u>	<u>38,387</u>	<u>7,562,553</u>	<u>7,971,149</u>
Net Assets						
Invested in capital assets, net of related debt	2,860,550	2,691,515			2,860,550	2,691,515
Restricted	97,306	117,070			97,306	117,070
Unrestricted	<u>2,005,795</u>	<u>2,065,023</u>	<u>90,516</u>	<u>68,261</u>	<u>2,096,311</u>	<u>2,133,284</u>
<b>Total Net Assets</b>	<u>\$ 4,963,651</u>	<u>\$ 4,873,608</u>	<u>\$ 90,516</u>	<u>\$ 68,261</u>	<u>\$ 5,054,167</u>	<u>\$ 4,941,869</u>

Table A-2 on the following page shows changes in net assets for fiscal years 2011 and 2010.

**Totowa Board of Education  
Totowa, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2011**

Table A-2  
Change in Net Assets  
For The Fiscal Years Ended June 30, 2011 and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 159,033	\$ 173,659	\$ 245,793	\$ 229,515	\$ 404,826	\$ 403,174
Grants and Contributions	1,519,586	2,351,436	78,342	67,174	1,597,928	2,418,610
General Revenues						
Property Taxes	13,072,227	12,655,063			13,072,227	12,655,063
Interest	16,826	27,089	161	201	16,987	27,290
Miscellaneous	20,695	1,087	-	-	20,695	1,087
<b>Total Revenues</b>	<b>14,788,367</b>	<b>15,208,334</b>	<b>324,296</b>	<b>296,890</b>	<b>15,112,663</b>	<b>15,505,224</b>
<b>Expenses</b>						
Instruction						
Regular	6,859,725	7,171,784			6,859,725	7,171,784
Special Education	1,610,676	1,888,150			1,610,676	1,888,150
Other Instruction	593,159	465,383			593,159	465,383
School Sponsored Activities and Athletics	5,217	8,238			5,217	8,238
Support Services						
Student and Instruction Related Services	2,030,595	1,786,109			2,030,595	1,786,109
General Administrative Services	573,380	534,856			573,380	534,856
School Administrative Services	639,407	667,796			639,407	667,796
Plant Operations and Maintenance	1,311,870	1,339,428			1,311,870	1,339,428
Pupil Transportation	372,654	409,175			372,654	409,175
Business Services	404,065	368,456			404,065	368,456
Food Services			302,041	269,279	302,041	269,279
Interest on Long-Term Debt	297,576	317,817	-	-	297,576	317,817
<b>Total Expenses</b>	<b>14,698,324</b>	<b>14,957,192</b>	<b>302,041</b>	<b>269,279</b>	<b>15,000,365</b>	<b>15,226,471</b>
Change in Net Assets	90,043	251,142	22,255	27,611	112,298	278,753
Transfer Out	-	-	-	-	-	-
Net Change in Net Assets	90,043	251,142	22,255	27,611	112,298	278,753
Net Assets, Beginning of Year	4,873,608	4,622,466	68,261	40,650	4,941,869	4,663,116
Net Assets, End of Year	\$ 4,963,651	\$ 4,873,608	\$ 90,516	\$ 68,261	\$ 5,054,167	\$ 4,941,869

# Totowa Board of Education Totowa, New Jersey

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

**Governmental Activities.** The District's total revenues were \$14,788,367. The local share of the revenues, that included property taxes, tuition, investment earnings, and miscellaneous revenue, amounted to \$13,268,781 or 90% of total revenues. Funding from state and federal sources amounted to \$1,519,586 or 10%. (See Figure A-2)

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$9,068,777 or 62% and student support services and debt service totaled \$5,629,547 or 38% of total expenditures. (See Figure A-3)

Figure A-2 Revenues by Sources – Governmental Activities  
For Fiscal Year 2011

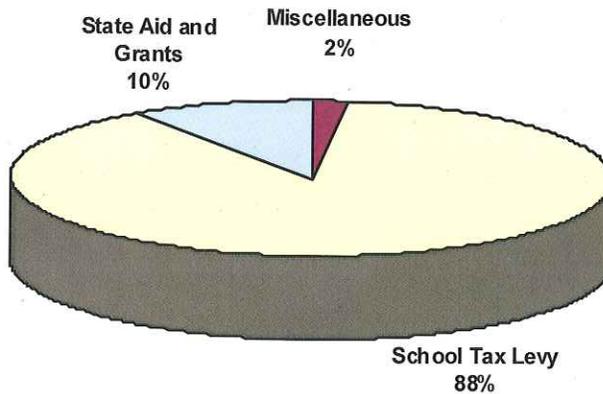
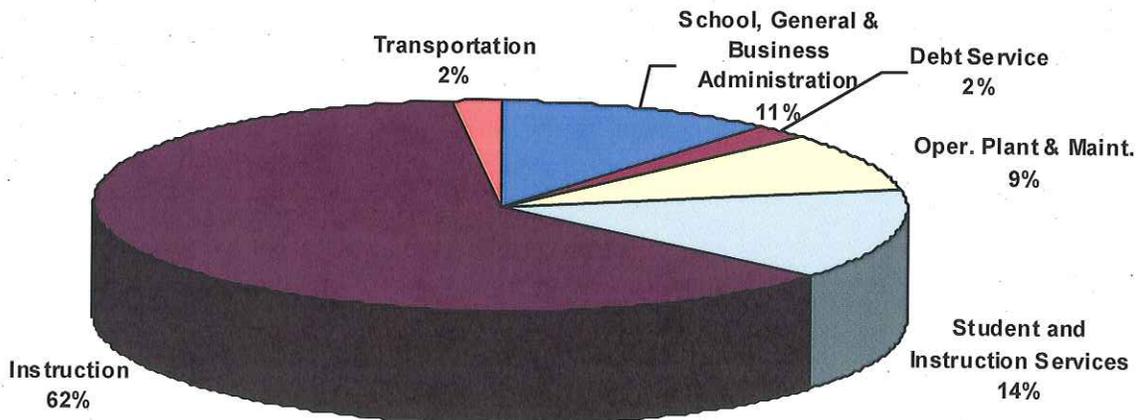


Figure A-3 Expenses by Function – Governmental Activities  
For Fiscal Year 2011



**Totowa Board of Education  
Totowa, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2011**

**Table A-3  
Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2011 and 2010**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Governmental Activities				
Instruction				
Regular	\$ 6,859,725	\$ 7,171,784	\$ 6,094,554	\$ 6,449,395
Special Education	1,610,676	1,888,150	1,136,510	799,256
Other Instruction	593,159	465,383	369,176	207,775
School Sponsored Activities and Athletics	5,217	8,238	5,217	8,238
Support Services				
Student and Instruction Related Services	2,030,595	1,786,109	1,870,062	1,611,917
General Administrative Services	573,380	534,856	573,380	534,856
School Administrative Services	639,407	667,796	613,721	631,553
Plant Operations and Maintenance	1,311,870	1,339,428	1,294,915	1,159,776
Pupil Transportation	372,654	409,175	360,529	343,058
Business Services	404,065	368,456	404,065	368,456
Interest on Long-Term Debt	<u>297,576</u>	<u>317,817</u>	<u>297,576</u>	<u>317,817</u>
 Total	 <u>\$ 14,698,324</u>	 <u>\$ 14,957,192</u>	 <u>\$ 13,019,705</u>	 <u>\$ 12,432,097</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2011 was \$302,041. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-2).

**Totowa Board of Education  
Totowa, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2011**

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

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

**Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$2,850,416. At June 30, 2010, the fund balance was \$2,847,044, for an increase of \$3,372.

Revenues for the District's governmental funds were \$14,788,367, while total expenditures were \$14,784,995.

**General Fund** - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students for grades K through 8 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues.

**General Fund Revenues**

	<b>For the Fiscal Years</b>		<b>Amount of</b>	<b>Percent</b>
	<b>Ended June 30,</b>			
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>(Decrease)</u></b>	<b><u>(Decrease)</u></b>
Local Sources:				
Property Taxes	\$ 12,294,411	\$ 11,893,664	\$ 400,747	3%
Tuition	159,033	173,659	(14,626)	-8%
Investment Earnings	16,362	25,483	(9,121)	-36%
Miscellaneous	20,695	1,087	19,608	1804%
Intergovernmental				
Federal Sources	20,595	6,234	14,361	100%
State Sources	<u>1,054,416</u>	<u>1,544,799</u>	<u>(490,383)</u>	-32%
 Total Revenues	 <u>\$ 13,565,512</u>	 <u>\$ 13,644,926</u>	 <u>\$ (79,414)</u>	 -1%

**Totowa Board of Education  
Totowa, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2011**

The following schedule presents a summary of General Fund expenditures.

**General Fund Expenditures**

	<b>For the Fiscal Years</b>		<b>Amount of Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>
	<b>Ended June 30,</b>			
	<b><u>2011</u></b>	<b><u>2010</u></b>		
Instruction	\$ 8,347,567	\$ 8,586,250	\$ (238,683)	-3%
Support Services	5,190,076	4,936,871	253,205	5%
Capital Outlay	<u>3,800</u>	<u>15,363</u>	<u>(11,563)</u>	-75%
 Total Expenditures	 <u>\$ 13,541,443</u>	 <u>\$ 13,538,484</u>	 <u>\$ 2,959</u>	 0.02%

Total General Fund expenditures increased by \$2,959 from the previous year.

**Special Revenue Fund** - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$430,578 for the year ended June 30, 2011. Federal sources accounted for 72% of the total revenue for the year.

Total Special Revenue Fund revenues decreased \$244,470 or 36% from the previous year. This decrease is primarily attributable to a decrease in funds received under the American Recovery and Reinvestment Act (ARRA).

Expenditures of the Special Revenue Fund were \$430,578. Instructional expenditures were \$413,884 or 96%.

**Capital Projects** - The capital projects revenues and other financing sources exceeded expenditures and other financing uses by \$31,116. These capital expenditures were financed through bond proceeds, capital reserve and SDA grants.

**Proprietary Funds**

The District maintains an Enterprise Fund to account for activities which are supported in part through user fees.

**Enterprise Fund** - The District uses an Enterprise Fund to report activities related to the Food Services programs. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

**Totowa Board of Education  
Totowa, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2011**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

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

- Implementing budgets for specially funded projects, which include both federal and state grants, reinstating prior year purchase orders being carried over, and appropriating surplus for significant unbudgeted costs.
- Increases in appropriations for the funding of capital projects approved in the Long-Range Facilities Plan.

**Capital Assets.** At the end of the fiscal years ended June 30, 2011 and 2010, the school district had invested in land, buildings, furniture, machinery and equipment as stated in Table A-4 as follows:

**Table A-4**

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
Land	\$ 130,267	\$ 130,267
Construction in Progress	34,992	
Buildings	12,197,760	12,193,960
Improvements Other Than Buildings	116,626	116,626
Machinery and Equipment	<u>2,321,320</u>	<u>2,321,320</u>
 Total	 14,800,965	 14,762,173
 Less: Accumulated Depreciation	 <u>(5,256,616)</u>	 <u>(4,913,946)</u>
 Total	 <u>\$ 9,544,349</u>	 <u>\$ 9,848,227</u>

**Debt Administration.** As of June 30, 2011 the school district had long-term debt and outstanding long-term liabilities in the amount of \$7,324,006.

**Totowa Board of Education  
Totowa, New Jersey**

**Management's Discussion and Analysis (continued)  
Year Ended June 30, 2011**

**Long-Term Liabilities**

**Table A-5  
Long-Term Debt  
Outstanding Long-Term Liabilities  
As of June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Serial Bonds Payable	\$ 6,732,000	\$ 7,197,000
Intergovernmental Loans Payable	25,521	33,434
Compensated Absences Payable	<u>566,485</u>	<u>476,628</u>
 Total	 <u>\$ 7,324,006</u>	 <u>\$ 7,707,062</u>

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget in order to prevent over-expenditures in specific line item accounts. These budget revisions were related to:

- ✓ Increases in the cost relating to instructional supplies.
- ✓ Increased costs in providing purchased and professional technical services
- ✓ Shortfall in revenue caused by the state not remitting the final two (2) state aid payments to the district in June 2011.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Colin Monahan, Business Administrator, Totowa Board of Education, 93 Lincoln Place, Totowa, New Jersey 07512.

**BASIC FINANCIAL STATEMENTS**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,435,662	\$ 36,341	\$ 2,472,003
Investments	436,184		436,184
Receivables, net			
Receivables from Other Governments	143,314	15,134	158,448
Other	1,594		1,594
Internal Balances	(57,419)	57,419	
Inventory		4,142	4,142
Capital Assets, Not Being Depreciated	165,259		165,259
Capital Assets, Net of Depreciation	<u>9,379,090</u>	<u>-</u>	<u>9,379,090</u>
Total Assets	<u>12,503,684</u>	<u>113,036</u>	<u>12,616,720</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	31,121	20,971	52,092
Payable to Other Governments	48,016		48,016
Accrued Interest Payable	107,108		107,108
Unearned Revenue	29,782	1,549	31,331
Noncurrent Liabilities			
Due Within One Year	493,197		493,197
Due Beyond One Year	<u>6,830,809</u>	<u>-</u>	<u>6,830,809</u>
Total Liabilities	<u>7,540,033</u>	<u>22,520</u>	<u>7,562,553</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	2,860,550		2,860,550
Restricted for			
Capital Projects	96,356		96,356
Debt Service	950		950
Unrestricted	<u>2,005,795</u>	<u>90,516</u>	<u>2,096,311</u>
Total Net Assets	<u>\$ 4,963,651</u>	<u>\$ 90,516</u>	<u>\$ 5,054,167</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 6,859,725		\$ 765,171		\$ (6,094,554)		\$ (6,094,554)
Special Education	1,610,676		474,166		(1,136,510)		(1,136,510)
Other Instruction	593,159	\$ 159,033	64,950		(369,176)		(369,176)
School Sponsored Activities and Athletics	5,217				(5,217)		(5,217)
Support Services							
Student and Instruction Related Services	2,030,595		160,533		(1,870,062)		(1,870,062)
General Administrative Services	573,380				(573,380)		(573,380)
School Administrative Services	639,407		25,686		(613,721)		(613,721)
Central Services	404,065				(404,065)		(404,065)
Plant Operations and Maintenance	1,311,870		2,958	\$ 13,997	(1,294,915)		(1,294,915)
Pupil Transportation	372,654		12,125		(360,529)		(360,529)
Interest on Debt	297,576				(297,576)		(297,576)
Total Governmental Activities	14,698,324	159,033	1,505,589	13,997	(13,019,705)		(13,019,705)
<b>Business-Type Activities</b>							
Food Service	302,041	245,793	78,342			\$ 22,094	22,094
Total Business-Type Activities	302,041	245,793	78,342			22,094	22,094
Total Primary Government	\$ 15,000,365	\$ 404,826	\$ 1,583,931	\$ 13,997	(13,019,705)	22,094	(12,997,611)
<b>General Revenues</b>							
Property Taxes, Levied for General Purposes					12,294,411		12,294,411
Taxes Levied for Debt Service					777,816		777,816
Investment Earnings					16,826	161	16,987
Miscellaneous Income					20,695		20,695
Total General Revenues					13,109,748	161	13,109,909
Change in Net Assets					90,043	22,255	112,298
Net Assets, Beginning of Year					4,873,608	68,261	4,941,869
Net Assets, End of Year					\$ 4,963,651	\$ 90,516	\$ 5,054,167

**FUND FINANCIAL STATEMENTS**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,339,405		\$ 95,307	\$ 950	\$ 2,435,662
Investments			436,184		436,184
Receivables, Net					
Due from Other Funds	430,565			166	430,731
Receivables from Other Governments	59,053	\$ 49,521	34,740	-	143,314
	<hr/>		<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 2,829,023</u>	<u>\$ 49,521</u>	<u>\$ 566,231</u>	<u>\$ 1,116</u>	<u>\$ 3,445,891</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 26,976	\$ 3,400	\$ 745		\$ 31,121
Due to Other Funds	57,419	3,147	425,824	\$ 166	486,556
Payable to Federal Government		225			225
Payable to State Government		33,710	14,081		47,791
Deferred Revenue	-	9,039	20,743	-	29,782
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>84,395</u>	<u>49,521</u>	<u>461,393</u>	<u>166</u>	<u>595,475</u>
Fund Balances					
Restricted					
Capital Reserve	65,240				65,240
Capital Projects			104,838		104,838
Debt Service				950	950
Excess Surplus	1,090,006				1,090,006
Excess Surplus - Designated for Subsequent Year's Budget	1,145,675				1,145,675
Committed					
Year End Encumbrances	130,000				130,000
Assigned					
Year End Encumbrances	51,625				51,625
Unassigned	262,082	-	-	-	262,082
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>2,744,628</u>	<u>-</u>	<u>104,838</u>	<u>950</u>	<u>2,850,416</u>
Total Liabilities and Fund Balances	<u>\$ 2,829,023</u>	<u>\$ 49,521</u>	<u>\$ 566,231</u>	<u>\$ 1,116</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$14,800,965 and the accumulated depreciation is \$5,256,616. 9,544,349

The District has financed capital assets through the issuance of serial bonds and intergovernmental loans. The interest accrual at year end is: (107,108)

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

	Serial Bonds Payable	\$ (6,732,000)	
	Intergovernmental Loans Payable	(25,521)	
	Compensated Absences	<u>(566,485)</u>	
			<u>(7,324,006)</u>
Net assets of governmental activities			<u>\$ 4,963,651</u>

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 12,294,411			\$ 777,816	\$ 13,072,227
Tuition	159,033				159,033
Investment Earnings	16,362		\$ 464		16,826
Miscellaneous	20,695	\$ 3,200	-	-	23,895
Total - Local Sources	<u>12,490,501</u>	<u>3,200</u>	<u>464</u>	<u>777,816</u>	<u>13,271,981</u>
State Sources	1,054,416	117,951	13,997		1,186,364
Federal Sources	20,595	309,427	-	-	330,022
Total Revenues	<u>13,565,512</u>	<u>430,578</u>	<u>14,461</u>	<u>777,816</u>	<u>14,788,367</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	6,397,841	171,031			6,568,872
Special Education Instruction	1,359,048	239,653			1,598,701
Other Instruction	585,461	3,200			588,661
School-Sponsored Activities and Athletics	5,217				5,217
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,972,213	16,694			1,988,907
General Administrative Services	539,670				539,670
School Administrative Services	620,890				620,890
Central Services	387,578				387,578
Plant Operations and Maintenance	1,297,071				1,297,071
Pupil Transportation	372,654				372,654
Debt Service					
Principal				472,913	472,913
Interest and Other Charges				305,069	305,069
Capital Outlay	3,800	-	34,992	-	38,792
Total Expenditures	<u>13,541,443</u>	<u>430,578</u>	<u>34,992</u>	<u>777,982</u>	<u>14,784,995</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>24,069</u>	<u>-</u>	<u>(20,531)</u>	<u>(166)</u>	<u>3,372</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	298		52,111	166	52,575
Transfers Out	(52,111)	-	(464)	-	(52,575)
Total Other Financing Sources and Uses	<u>(51,813)</u>	<u>-</u>	<u>51,647</u>	<u>166</u>	<u>-</u>
Net Change in Fund Balances	(27,744)	-	31,116	-	3,372
Fund Balance, Beginning of Year	<u>2,772,372</u>	<u>-</u>	<u>73,722</u>	<u>950</u>	<u>2,847,044</u>
Fund Balance, End of Year	<u>\$ 2,744,628</u>	<u>\$ -</u>	<u>\$ 104,838</u>	<u>\$ 950</u>	<u>\$ 2,850,416</u>

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

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

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 3,372

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

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

Capital Outlay	\$ 38,792	
Depreciation Expense	<u>(342,670)</u>	
		(303,878)

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

Compensated Absences		(89,857)
----------------------	--	----------

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

Bond Principal	465,000	
Loan Principal	<u>7,913</u>	
		472,913

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

Decrease in Accrued Interest		<u>7,493</u>
------------------------------	--	--------------

Change in net assets of governmental activities		<u>\$ 90,043</u>
---	--	------------------

**TOTOWA BOARD OF EDUCATION  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2011**

	<b>Enterprise Fund - <u>Food Service</u></b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 36,341
Intergovernmental Receivable	
State	633
Federal	14,501
Inventory	4,142
Due From Other Funds	<u>57,419</u>
Total Current Assets	<u>113,036</u>
<b>LIABILITIES</b>	
Accounts Payable	20,971
Deferred Revenue	<u>1,549</u>
Total Liabilities	<u>22,520</u>
<b>NET ASSETS</b>	
Unrestricted	<u>90,516</u>
Total Net Assets	<u>\$ 90,516</u>

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

**TOTOWA BOARD OF EDUCATION  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Enterprise Fund - Food Service</b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 245,793
	<hr/>
Total Operating Revenues	245,793
	<hr/>
<b>OPERATING EXPENSES</b>	
Cost of Sales	120,333
Salaries & Wages	106,654
Supplies	34,136
Professional Service	4,305
Management Fee	35,927
Miscellaneous	686
	<hr/>
Total Operating Expenses	302,041
	<hr/>
Operating Loss	(56,248)
	<hr/>
<b>NONOPERATING REVENUES</b>	
Federal Sources	
National School Lunch Program	75,201
State Sources	
State School Lunch Program	3,141
Interest and Investment Revenue	161
	<hr/>
Total Nonoperating Revenues	78,503
	<hr/>
Change in Net Assets	22,255
Net Assets, Beginning of Year	68,261
	<hr/>
Net Assets, End of Year	\$ 90,516
	<hr/>

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

**TOTOWA BOARD OF EDUCATION  
 PROPRIETARY FUND  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Enterprise Fund - Food Service</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 245,793
Cash Payments to Employees for Salaries and Wages	(106,654)
Cash Payments to Suppliers for Goods and Services	<u>(213,144)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(74,005)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Payments Made to General Fund	(17,591)
Cash Received from State and Federal Subsidy Reimbursements	<u>69,764</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>52,173</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>161</u>
Net Cash Provided by Investing Activities	<u>161</u>
Net Decrease in Cash and Cash Equivalents	(21,671)
Cash and Cash Equivalents, Beginning of Year	<u>58,012</u>
Cash and Cash Equivalents, End of Year	<u>\$ 36,341</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	\$ <u>(56,248)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	(1,890)
Increase/(Decrease) in Deferred Revenue	869
Increase/(Decrease) in Accounts Payable	<u>(16,736)</u>
Total Adjustments	<u>(17,757)</u>
Net Cash Used for Operating Activities	<u>\$ (74,005)</u>

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

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

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 32,460	\$ 160,435
Total Assets	<u>32,460</u>	<u>\$ 160,435</u>
<b>LIABILITIES</b>		
Accrued Salaries and Wages		\$ 127,127
Due to Student Groups		31,228
Payroll Deductions and Withholdings		486
Due to Other Funds		1,594
Due To State Government	<u>5,842</u>	<u>-</u>
Total Liabilities	<u>5,842</u>	<u>\$ 160,435</u>
<b>NET ASSETS</b>		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 26,618</u>	

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

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

	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS</b>	
Contributions	
District	\$ 25,000
Employees	13,141
Investment Earnings	
Interest	<u>106</u>
Total Additions	<u>38,247</u>
<b>DEDUCTIONS</b>	
Unemployment Claims and Contributions	<u>26,811</u>
Total Deductions	<u>26,811</u>
Change in Net Assets	11,436
Net Assets, Beginning of Year	<u>15,182</u>
Net Assets, End of Year	<u>\$ 26,618</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. Basic Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund type:

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

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

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

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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

**1. *Deposits and Investments***

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

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

**2. *Receivables and Payables***

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

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

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

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

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

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

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

**3. *Inventories***

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

**4. *Capital Assets***

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

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

Property, plant, and equipment of the primary government, as well as the component units is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	20
Heavy Equipment	10-12
Office Equipment and Furniture	10
Computer Equipment	5-7

**5. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation, personal and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Long-term obligations*

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

7. *Fund Equity*

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

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

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

*Capital Projects* – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

*Debt Service* – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

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

*Reserved Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that was appropriated in the 2011/2012 original budget certified for taxes.

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

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

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

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

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

**7. Fund Equity (Continued)**

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

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original budget by \$103,874. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

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

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

**A. Budgetary Information (Continued)**

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**B. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures – Instruction			
Tuition to CSSD and Regional Day Schools		\$19,177	\$19,177
Tuition – Other		5,100	5,100

The above variances were the result of an audit adjustment and were offset with other available resources.

**C. Capital Reserve**

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

Funds placed in the capital reserve are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

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

**C. Capital Reserve (Continued)**

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

Balance, July 1, 2010	\$ 116,120
Increases	
Interest Earnings	<u>1,231</u>
	117,351
Withdrawals	
Approved by Voters in District Budget (net of unexpended funds)	<u>52,111</u>
Balance, June 30, 2011	<u>\$ 65,240</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects is \$116,120. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**D. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2011 is \$2,235,681. Of this amount, \$1,145,675 was designated and appropriated in the 2011/2012 original budget certified for taxes and the remaining amount of \$1,090,006 will be appropriated in the 2012/2013 original budget certified for taxes.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$2,664,898 and bank balances of the Board's cash and deposits amounted to \$3,109,972. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	<u>\$ 3,109,972</u>
---------	---------------------

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2011 the Board's bank balances were not exposed to custodial credit risk.

**Investments**

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

As of June 30, 2011, the Board had the following investments:

**Fair  
Value**

**Investment:**

U.S. Government Securities

NJ ARM	<u>\$ 436,184</u>
--------	-------------------

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

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

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

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2011, \$436,184 of the Board's investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
Uninsured and Collateralized	
Collateral held by pledging financial institutions trust department or agent but not in the Board's name	<u>\$ 436,184</u>

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

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

The fair value of the above-listed investment was based on quoted market prices.

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

**B. Receivables**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 59,053	\$ 49,521	\$ 34,740	\$ 15,134	\$ 158,448
Gross Receivables	59,053	49,521	34,740	15,134	158,448
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 59,053</u>	<u>\$ 49,521</u>	<u>\$ 34,740</u>	<u>\$ 15,134</u>	<u>\$ 158,448</u>

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

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

**B. Receivables (Continued)**

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	
Grant Draw Downs Reserved for Encumbrances	\$ 2,780
Capital Projects Fund	6,259
Unrealized School Facility Grants	<u>20,743</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$ 29,782</u>

**C. Capital Assets**

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

	Balance, July 1, 2010	Increases	Decreases	Balance, June 30, 2011
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 130,267			\$ 130,267
Construction in progress	<u>-</u>	\$ 34,992	<u>-</u>	<u>34,992</u>
 Total capital assets, not being depreciated	 <u>130,267</u>	 <u>34,992</u>	 <u>-</u>	 <u>165,259</u>
 Capital assets, being depreciated:				
Buildings	12,193,960	3,800		12,197,760
Improvements other than buildings	116,626			116,626
Machinery and equipment	<u>2,321,320</u>	<u>-</u>	<u>-</u>	<u>2,321,320</u>
 Total capital assets being depreciated	 <u>14,631,906</u>	 <u>3,800</u>	 <u>-</u>	 <u>14,635,706</u>
 Less accumulated depreciation for:				
Buildings	(2,793,330)	(266,810)		(3,060,140)
Improvements other than buildings	(90,730)	(2,641)		(93,371)
Machinery and equipment	<u>(2,029,886)</u>	<u>(73,219)</u>	<u>-</u>	<u>(2,103,105)</u>
 Total accumulated depreciation	 <u>(4,913,946)</u>	 <u>(342,670)</u>	 <u>-</u>	 <u>(5,256,616)</u>
 Total capital assets, being depreciated, net	 <u>9,717,960</u>	 <u>(338,870)</u>	 <u>-</u>	 <u>9,379,090</u>
 Government activities capital assets, net	 <u>\$ 9,848,227</u>	 <u>\$ (303,878)</u>	 <u>\$ -</u>	 <u>\$ 9,544,349</u>

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

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

**C. Capital Assets (Continued)**

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

**Governmental Activities:**

Instruction

Regular	\$ 243,961
Special	<u>3,494</u>

Total Instruction	<u>247,455</u>
-------------------	----------------

Support Services

Student and Instruction Services	27,634
General administration	31,083
School Administration	13,874
Operation and Maintenance of Plant	8,856
Business and Other Support Services	<u>13,768</u>

Total Support Services	<u>95,215</u>
------------------------	---------------

Total Governmental Funds	<u>342,670</u>
--------------------------	----------------

Total depreciation expense - governmental activities	<u>\$ 342,670</u>
--	-------------------

**Construction commitments**

The District has the following active construction projects as of June 30, 2011:

<u>Project</u>	<u>Remaining Commitment</u>
Cafeteria Floor Replacement at Washington Park School	<u>\$ 24,552</u>

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

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

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

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

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 3,147
General Fund	Capital Projects Fund	425,658
General Fund	Debt Service Fund	166
Debt Service Fund	Capital Projects Fund	166
Food Service Fund	General Fund	57,419
General Fund	Payroll Agency Fund	<u>1,594</u>
Total		<u>\$ 488,150</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

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

**Interfund transfers**

	<u>Transfer In:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	
Transfer Out:				
General Fund		\$ 52,111		\$ 52,111
Capital Projects Fund	\$ 298	-	\$ 166	<u>464</u>
	<u>\$ 298</u>	<u>\$ 52,111</u>	<u>\$ 166</u>	<u>\$ 52,575</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

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

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

**E. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

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

\$8,702,000, 2003 Bonds, due in annual installments of \$485,000 to \$757,000 through February 15, 2022, interest at 4.2% to 4.25%	<u>\$6,732,000</u>
--	--------------------

**Intergovernmental Loan Payable**

The Board has entered into loan agreements with the New Jersey Economic Development Agency to provide funds for the acquisition and construction of major capital facilities.

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

\$333,756, 1994 Loan due in annual installments of \$1,320 through July 1, 2013 interest at 1.50%	\$3,959
\$101,268, 1994 Loan due in annual Installments of \$6,877 to \$7,502 through July 2013, interest at 5.298%	<u>21,562</u>
Grand Total	<u>\$25,521</u>

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

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

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

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

**Governmental Activities:**

<u>Fiscal Year</u>	<u>Serial Bonds</u>		<u>Intergovernmental Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 485,000	\$ 284,155	\$ 8,197	\$ 1,008	\$ 778,360
2013	500,000	263,785	8,502	617	772,904
2014	535,000	242,785	8,822	208	786,815
2015	560,000	220,315			780,315
2016	585,000	196,795			781,795
2017-2021	3,310,000	593,210			3,903,210
2022	757,000	32,173	-	-	789,173
	<u>\$ 6,732,000</u>	<u>\$ 1,833,218</u>	<u>\$ 25,521</u>	<u>\$ 1,833</u>	<u>\$ 8,592,572</u>

**Statutory Borrowing Power**

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

3% of Equalized Valuation Basis (Municipal)	\$ 75,524,419
Less: Net Debt	<u>6,757,521</u>
Remaining Borrowing Power	<u>\$ 68,766,898</u>

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

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

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

**Changes in long-term liabilities**

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

	Balance, July 1, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, <u>2011</u>	Due Within <u>One Year</u>
Serial Bonds Payable	\$ 7,197,000		\$ 465,000	\$ 6,732,000	\$ 485,000
Intergovernmental Loans Payable	33,434		7,913	25,521	8,197
Compensated Absences Payable	<u>476,628</u>	<u>\$ 89,857</u>	<u>-</u>	<u>566,485</u>	<u>-</u>
	<u>\$ 7,707,062</u>	<u>\$ 89,857</u>	<u>\$ 472,913</u>	<u>\$ 7,324,006</u>	<u>\$ 493,197</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the School Alliance Insurance Fund. The Fund is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

The School Alliance Insurance Fund provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund is on file with the School's Business Administrator.

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

<u>Fiscal Year</u>	<u>District Contribution</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 25,000	\$ 13,141	\$ 26,811	\$ 26,618
2010	25,000	12,792	27,599	15,182
2009	55,000	12,254	56,499	4,862

**B. Contingent Liabilities**

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

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

**C. Federal Arbitrage Regulations**

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Investment Valuation (Continued)**

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

**Significant Legislation**

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

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

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

**Funding Status and Funding Progress**

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

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

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

**Annual Pension Costs (APC)**

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

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

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2010	\$ 179,732	\$ 19,883
2009	127,795	22,820
2008	64,839	20,766

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Annual Pension Costs (APC) (Continued)**

During the last three fiscal years the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$19,883, \$22,820 and \$20,766 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$499,641 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**E. Post-Retirement Medical Benefits**

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

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

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

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

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Basis of Accounting**

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

**Significant Legislation**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

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

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

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

**Actuarial Methods and Assumptions**

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions**

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

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

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$422,307, \$428,588 and \$396,167, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**BUDGETARY COMPARISON SCHEDULES**

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 12,294,411		\$ 12,294,411	\$ 12,294,411	
Tuition	94,000		94,000	159,033	\$ 65,033
Interest	30,100		30,100	15,131	(14,969)
Interest Earned - Capital Reserve				1,231	1,231
Miscellaneous	-	-	-	20,695	20,695
<b>Total Local Sources</b>	<u>12,418,511</u>	<u>-</u>	<u>12,418,511</u>	<u>12,490,501</u>	<u>71,990</u>
State Sources					
Special Education Aid	29,330		29,330	29,330	
Extraordinary Aid				76,115	76,115
Non Public Transportation Reimbursement				9,048	9,048
On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium				19,883	19,883
On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr.				422,307	422,307
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	499,641	499,641
<b>Total State Sources</b>	<u>29,330</u>	<u>-</u>	<u>29,330</u>	<u>1,056,324</u>	<u>1,026,994</u>
Federal Sources					
Medicaid Reimbursements	-	-	-	20,595	20,595
<b>Total Revenues</b>	<u>12,447,841</u>	<u>-</u>	<u>12,447,841</u>	<u>13,567,420</u>	<u>1,119,579</u>
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	179,725		179,725	128,320	51,405
Kindergarten	303,765	\$ (14,260)	289,505	253,320	36,185
Grades 1-5	2,008,595	(78,049)	1,930,546	1,904,109	26,437
Grades 6-8	1,907,100	20,000	1,927,100	1,835,441	91,659
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	295,045	48,636	343,681	343,681	-
Purchased Technical Services	40,260	28,991	69,251	58,912	10,339
Other Purchased Services	77,000		77,000	76,400	600
General Supplies	186,895	(38,796)	148,099	130,266	17,833
Textbooks	10,000	12,000	22,000	19,805	2,195
<b>Total Regular Programs - Instruction</b>	<u>5,008,385</u>	<u>(21,478)</u>	<u>4,986,907</u>	<u>4,750,254</u>	<u>236,653</u>
Special Education Instruction					
Behavioral Disabilities					
Salaries of Teachers	181,570	50,845	232,415	232,250	165
<b>Total Behavioral Disabilities</b>	<u>181,570</u>	<u>50,845</u>	<u>232,415</u>	<u>232,250</u>	<u>165</u>

Continued

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 210,000	\$ 23,674	\$ 233,674	\$ 233,674	-
Total Multiple Disabilities	<u>210,000</u>	<u>23,674</u>	<u>233,674</u>	<u>233,674</u>	<u>-</u>
Resource Room/Resource Center					
Salaries of Teachers	355,090	-	355,090	341,574	\$ 13,516
Total Resource Room/Resource Center	<u>355,090</u>	<u>-</u>	<u>355,090</u>	<u>341,574</u>	<u>13,516</u>
Total Special Education Instruction	<u>746,660</u>	<u>74,519</u>	<u>821,179</u>	<u>807,498</u>	<u>13,681</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	413,155	-	413,155	402,657	10,498
Total Basic Skills/Remedial - Instruction	<u>413,155</u>	<u>-</u>	<u>413,155</u>	<u>402,657</u>	<u>10,498</u>
Bilingual Education - Instruction					
Salaries of Teachers	78,600	(50,845)	27,755	25,668	2,087
Total Bilingual Education - Instruction	<u>78,600</u>	<u>(50,845)</u>	<u>27,755</u>	<u>25,668</u>	<u>2,087</u>
School Sponsored Co/Extra Curricular Activities					
Salaries		2,000	2,000	1,159	841
Other Objects	-	3,800	3,800	3,600	200
Total School Sponsored Co/Extra Curricular Activities	<u>-</u>	<u>5,800</u>	<u>5,800</u>	<u>4,759</u>	<u>1,041</u>
Total Instruction	<u>6,246,800</u>	<u>7,996</u>	<u>6,254,796</u>	<u>5,990,836</u>	<u>263,960</u>
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Special	250,000	(161,306)	88,694	88,694	
Tuition to CSSD and Regional Day Schools				19,177	(19,177)
Tuition to Priv. Sch. for the Disabled Within State	140,000	131,813	271,813	142,339	129,474
Tuition - Other	-	-	-	5,100	(5,100)
Total Undistributed Expenditures - Instruction	<u>390,000</u>	<u>(29,493)</u>	<u>360,507</u>	<u>255,310</u>	<u>105,197</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 119,790	\$ (250)	\$ 119,540	\$ 117,365	\$ 2,175
Purchased Professional and Technical Svcs.	5,000	(231)	4,769	4,565	204
Supplies and Materials	2,000	481	2,481	2,402	79
<b>Total Health Services</b>	<b>126,790</b>	<b>-</b>	<b>126,790</b>	<b>124,332</b>	<b>2,458</b>
Speech, OT, PT and Related Services					
Salaries	451,302	(18,653)	432,649	427,349	5,300
Purchased Professional Educational Services	71,000	21,653	92,653	89,816	2,837
<b>Total Speech, OT, PT and Related Services</b>	<b>522,302</b>	<b>3,000</b>	<b>525,302</b>	<b>517,165</b>	<b>8,137</b>
Guidance					
Salaries of Other Professional Staff	147,945		147,945	147,945	-
Other Purchased Prof. and Tech. Services	7,000	4,000	11,000	9,630	1,370
Supplies and Materials	11,000	750	11,750	6,572	5,178
Other Objects	415	-	415	-	415
<b>Total Guidance</b>	<b>166,360</b>	<b>4,750</b>	<b>171,110</b>	<b>164,147</b>	<b>6,963</b>
Child Study Teams					
Salaries of Other Professional Staff	219,870		219,870	213,770	6,100
Salaries of Secretarial and Clerical Assistants	39,738		39,738	39,738	
Other Salaries	50,000	3,000	53,000	53,000	
Other Purchased Professional and Tech. Services	12,000		12,000	2,975	9,025
Supplies and Materials	4,000	(389)	3,611	2,978	633
Other Objects	4,500	-	4,500	1,184	3,316
<b>Total Child Study Teams</b>	<b>330,108</b>	<b>2,611</b>	<b>332,719</b>	<b>313,645</b>	<b>19,074</b>
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	130,660	-	130,660	130,660	
Salaries of Secretarial & Clerical Assistants	57,899	-	57,899	57,899	-
<b>Total Improvement of Instructional Services</b>	<b>188,559</b>	<b>-</b>	<b>188,559</b>	<b>188,559</b>	<b>-</b>

Continued

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 155,235		\$ 155,235	\$ 78,000	\$ 77,235
Salaries of Technology Coordinators	71,322		71,322	71,322	
Supplies and Materials	10,500	\$ 2,000	12,500	10,861	1,639
Total Educational Media Serv./School Library	<u>237,057</u>	<u>2,000</u>	<u>239,057</u>	<u>160,183</u>	<u>78,874</u>
Instructional Staff Training Services					
Other Purchased Services	-	7,397	7,397	4,197	3,200
Total Instructional Staff Training Services	<u>-</u>	<u>7,397</u>	<u>7,397</u>	<u>4,197</u>	<u>3,200</u>
Support Services General Administration					
Salaries	249,238	875	250,113	250,113	
Legal Services	150,000	34,125	184,125	86,514	97,611
Audit Fees	24,000		24,000	22,675	1,325
Other Purchased Professional Services	8,000	5,132	13,132	8,187	4,945
Communications/Telephone	29,740	(12,353)	17,387	6,686	10,701
Miscellaneous Purchased Services	23,700	2,000	25,700	21,270	4,430
General Supplies		3,000	3,000	2,079	921
BOE In-House Training/Meeting Supplies	1,000	1,000	2,000	1,876	124
Miscellaneous Expenditures	7,000		7,000	4,997	2,003
BOE Membership Dues and Fees	8,000	-	8,000	7,203	797
Total Support Services General Administration	<u>500,678</u>	<u>33,779</u>	<u>534,457</u>	<u>411,600</u>	<u>122,857</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	263,935		263,935	263,935	
Salaries of Secretarial and Clerical Assistants	177,894	279	178,173	178,173	
Purchased Professional and Technical Svcs.	9,000	(279)	8,721	8,611	110
Other Purchased Services		82	82	82	
Supplies and Materials		3,918	3,918	412	3,506
Other Objects	16,400	-	16,400	14,951	1,449
Total Support Services School Administration	<u>467,229</u>	<u>4,000</u>	<u>471,229</u>	<u>466,164</u>	<u>5,065</u>
Central Services					
Salaries	285,419		285,419	258,919	26,500
Purchased Professional Services	12,500	5,925	18,425	11,810	6,615
Misc. Purchased Services		75	75	75	
Supplies and Materials	7,000	2,000	9,000	7,544	1,456
Miscellaneous Expenditures	1,200	-	1,200	1,165	35
Total Central Services	<u>306,119</u>	<u>8,000</u>	<u>314,119</u>	<u>279,513</u>	<u>34,606</u>

Continued

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Admin. Info. Tech.					
Other Purchased Services	\$ 3,600	\$ 2,000	\$ 5,600	\$ 3,749	\$ 1,851
Other Objects	2,375	-	2,375	2,100	275
<b>Total Admin. Info. Tech</b>	<u>5,975</u>	<u>2,000</u>	<u>7,975</u>	<u>5,849</u>	<u>2,126</u>
Required Maintenance For School Facilities					
Salaries	171,033	(5,743)	165,290	165,290	
Cleaning, Repair and Maintenance Services	60,500	17,305	77,805	69,294	8,511
General Supplies	8,000	574	8,574	8,023	551
Other Objects	3,000	2,300	5,300	4,475	825
<b>Total Required Maint. For School Facilities</b>	<u>242,533</u>	<u>14,436</u>	<u>256,969</u>	<u>247,082</u>	<u>9,887</u>
Custodial Services					
Salaries	468,227	(27,676)	440,551	440,551	
Cleaning, Repair and Maintenance Services	77,900	(25,325)	52,575	48,391	4,184
Other Purchased Property Services	3,500	3,186	6,686	4,653	2,033
Insurance	65,000	(4,500)	60,500	60,316	184
General Supplies	28,500	(2,500)	26,000	20,045	5,955
Energy (Natural Gas)	110,000	(1,500)	108,500	91,701	16,799
Energy (Electricity)	170,000		170,000	163,495	6,505
Other Objects	4,800	-	4,800	1,255	3,545
<b>Total Custodial Services</b>	<u>927,927</u>	<u>(58,315)</u>	<u>869,612</u>	<u>830,407</u>	<u>39,205</u>
Student Transportation Services					
Contracted Services (Between Home and School) - Vendors	182,000	(5,335)	176,665	175,162	1,503
Contracted Services (Other than Between Home and School - Vendors)		5,335	5,335	4,705	630
Contracted Services - (Spl. Ed. Students) - Joint Agreements	250,000	(1,411)	248,589	154,775	93,814
Contracted Services - (Spl. Ed. Students) - Contracted Serv.-Aid in Lieu of Payments-Non-Pub.	50,000	-	50,000	38,012	11,988
<b>Total Student Transportation Services</b>	<u>482,000</u>	<u>(1,411)</u>	<u>480,589</u>	<u>372,654</u>	<u>107,935</u>

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

<b>EXPENDITURES</b>	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final To Actual</b>
<b>CURRENT EXPENDITURES (Continued)</b>					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 145,000	\$ 10,373	\$ 155,373	\$ 155,373	
TPAF Contributions - ERIP	10,000	(4,129)	5,871	5,871	
Other Retirement Contributions - PERS	150,900	28,832	179,732	179,732	
Unemployment Compensation	25,000		25,000	25,000	
Workmen's Compensation	65,000		65,000	64,784	\$ 216
Health Benefits	1,996,080	(35,076)	1,961,004	1,797,879	163,125
Tuition Reimbursement	12,000		12,000	10,000	2,000
Other Employee Benefits	15,000	-	15,000	-	15,000
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>2,418,980</b>	<b>-</b>	<b>2,418,980</b>	<b>2,238,639</b>	<b>180,341</b>
On-behalf TPAF Pension Payments (Non-Budget) - NCGI Premium				19,883	(19,883)
On-behalf TPAF Pension Payments (Non-Budget) - Post Retirement Medical Contr.				422,307	(422,307)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	499,641	(499,641)
<b>Total Undistributed Expenditures</b>	<b>7,312,617</b>	<b>(7,246)</b>	<b>7,305,371</b>	<b>7,521,277</b>	<b>(215,906)</b>
<b>Total Expenditures - Current Expenditures</b>	<b>13,559,417</b>	<b>750</b>	<b>13,560,167</b>	<b>13,512,113</b>	<b>48,054</b>
<b>CAPITAL OUTLAY</b>					
Facilities Acquisition and Construction Services					
Other Objects	29,330	-	29,330	29,330	-
<b>Total Capital Outlay</b>	<b>29,330</b>	<b>-</b>	<b>29,330</b>	<b>29,330</b>	<b>-</b>
<b>Total Expenditures</b>	<b>13,588,747</b>	<b>750</b>	<b>13,589,497</b>	<b>13,541,443</b>	<b>48,054</b>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(1,140,906)	(750)	(1,141,656)	25,977	1,167,633
Other Financing Sources (Uses)					
Capital Reserve Transfer to Capital Projects	(139,697)	-	(139,697)	(52,111)	87,586
Operating Transfer In	-	-	-	298	298
<b>Total Other Financing Sources</b>	<b>(139,697)</b>	<b>-</b>	<b>(139,697)</b>	<b>(51,813)</b>	<b>87,884</b>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	\$ (1,280,603)	\$ (750)	\$ (1,281,353)	\$ (25,836)	\$ 1,255,517
Fund Balance, Beginning of Year	<u>2,846,579</u>	<u>-</u>	<u>2,846,579</u>	<u>2,846,579</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,565,976</u>	<u>\$ (750)</u>	<u>\$ 1,565,226</u>	<u>\$ 2,820,743</u>	<u>\$ 1,255,517</u>

**Recapitulation of Fund Balance**

Reserved for Encumbrances	\$ 181,625
Capital Reserve	65,240
Excess Surplus - Designated in Subsequent Year's Budget	1,145,675
Excess Surplus	1,090,006
Unassigned	<u>338,197</u>
	2,820,743
Reconciliation to Governmental Funds Statements (GAAP):	
Less: Extraordinary Aid Payment Not Recognized on GAAP Basis	<u>(76,115)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 2,744,628</u>

**TOTOWA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Local		\$ 3,200	\$ 3,200	\$ 3,200	
State	\$ 86,895	70,112	157,007	123,297	\$ (33,710)
Federal	295,975	29,812	325,787	309,427	(16,360)
Total Revenues	<u>382,870</u>	<u>103,124</u>	<u>485,994</u>	<u>435,924</u>	<u>(50,070)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	131,975	42,181	174,156	143,019	31,137
Purchased Professional/Technical Services		20,658	20,658	11,487	9,171
Tuition	200,000		200,000	200,000	
Textbooks	12,304	485	12,789	11,404	1,385
Total Instruction	<u>344,279</u>	<u>63,324</u>	<u>407,603</u>	<u>365,910</u>	<u>41,693</u>
Support Services					
Salaries		938	938	400	538
Other Purchased Services	18,591	10,190	28,781	20,942	7,839
Personal Services-Employee Benefits	20,000	28,672	48,672	48,672	-
Total Support Services	<u>38,591</u>	<u>39,800</u>	<u>78,391</u>	<u>70,014</u>	<u>8,377</u>
Total Expenditures	<u>382,870</u>	<u>103,124</u>	<u>485,994</u>	<u>435,924</u>	<u>50,070</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**TOTOWA BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

		<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	(C-1)	\$ 13,567,420	(C-2)	\$ 435,924
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Current Year				(6,259)
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Prior Year				913
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements - Prior Year		74,207		
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements - Current Year		<u>(76,115)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		<u>\$ 13,565,512</u>		<u>\$ 430,578</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 13,541,443	(C-2)	\$ 435,924
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 financial reporting purposes - Prior Year				913
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 financial reporting purposes - Current Year		<u>-</u>		<u>(6,259)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		<u>\$ 13,541,443</u>		<u>\$ 430,578</u>

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

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

	NCLB Title I	NCLB Title II-A	NCLB Title II-D	NCLB Title IV	IDEA Part B Basic	IDEA Part B Preschool	Total Exhibit E-1A	2011
<b>REVENUES</b>								
Intergovernmental								
Local								
State	\$ 50,270	\$ 18,985	\$ 119	\$ 400	\$ 231,357	\$ 8,296	\$ 3,200	\$ 123,297
Federal								309,427
<b>Total Revenues</b>	<u>\$ 50,270</u>	<u>\$ 18,985</u>	<u>\$ 119</u>	<u>\$ 400</u>	<u>\$ 231,357</u>	<u>\$ 8,296</u>	<u>\$ 126,497</u>	<u>\$ 435,924</u>
<b>EXPENDITURES</b>								
Instruction								
Salaries of Teachers	\$ 32,713	\$ 12,379					\$ 97,927	\$ 143,019
Purchased Professional/Technical Services	8,287				\$ 200,000		3,200	11,487
Tuition								200,000
Textbooks							11,404	11,404
<b>Total Instruction</b>	<u>41,000</u>	<u>12,379</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>112,531</u>	<u>365,910</u>
Support Services								
Salaries				\$ 400				400
Other Purchased Services	2,727	4,130	\$ 119				13,966	20,942
Personal Services - Employee Benefits	6,543	2,476			31,357	\$ 8,296		48,672
<b>Total Support Services</b>	<u>9,270</u>	<u>6,606</u>	<u>119</u>	<u>400</u>	<u>31,357</u>	<u>8,296</u>	<u>13,966</u>	<u>70,014</u>
<b>Total Expenditures</b>	<u>\$ 50,270</u>	<u>\$ 18,985</u>	<u>\$ 119</u>	<u>\$ 400</u>	<u>\$ 231,357</u>	<u>\$ 8,296</u>	<u>\$ 126,497</u>	<u>\$ 435,924</u>

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

	Chapter 192		Chapter 193				Total E-1A		
	Compensatory Education	ESL	Corrective Speech	Exam. & Classification	Supplemental Instruction	Nonpublic Nursing		Nonpublic Textbook	Municipal Alliance
<b>REVENUES</b>									
Intergovernmental									
Local	\$ 63,298	\$ 854	\$ 10,037	\$ 12,760	\$ 10,978	\$ 13,966	\$ 11,404	\$ 3,200	\$ 3,200
State									123,297
<b>Total Revenues</b>	\$ 63,298	\$ 854	\$ 10,037	\$ 12,760	\$ 10,978	\$ 13,966	\$ 11,404	\$ 3,200	\$ 126,497
<b>EXPENDITURES</b>									
Instruction									
Salaries of Teachers	\$ 63,298	\$ 854	\$ 10,037	\$ 12,760	\$ 10,978			\$ 3,200	\$ 97,927
Other Purchased Services							\$ 11,404		3,200
Textbooks									11,404
<b>Total Instruction</b>	63,298	854	10,037	12,760	10,978		11,404	3,200	112,531
Support Services									
Other Purchased Services						\$ 13,966			13,966
<b>Total Support Services</b>						13,966			13,966
<b>Total Expenditures</b>	\$ 63,298	\$ 854	\$ 10,037	\$ 12,760	\$ 10,978	\$ 13,966	\$ 11,404	\$ 3,200	\$ 126,497

**TOTOWA BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

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

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Current Year Expended</u>	<u>Unexpended Balance, June 30, 2011</u>
		<u>Prior Years Expended</u>	<u>Cancelled</u>		
Improvements to Washington Park School	\$ 11,167,998	\$ 10,896,758	\$ 264,390		\$ 6,850
Roof Replacement and Repairs at Washington Park School	616,547	549,675			66,872
Cafeteria Floor Replacement at Washington Park School	<u>86,851</u>	<u>-</u>	<u>-</u>	\$ 34,992	<u>51,859</u>
	<u>\$ 11,871,396</u>	<u>\$ 11,446,433</u>	<u>\$ 264,390</u>	<u>\$ 34,992</u>	<u>\$ 125,581</u>

**TOTOWA BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Revenues and Other Financing Sources**

State Sources- SCC Grant	\$ 34,740
Transfer from Capital Reserve	52,111
Interest	<u>464</u>
Total Revenues and Other Financing Sources	<u>87,315</u>

**Expenditures and Other Financing Uses**

Construction Services	34,992
Transfer Out - Debt Service Fund	166
Transfer Out - General Fund	<u>298</u>
Total Expenditures and Other Financing Uses	<u>35,456</u>

Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	51,859
--	--------

Fund Balance- Beginning of Year	<u>73,722</u>
---------------------------------	---------------

Fund Balance- End of Year	<u><u>\$ 125,581</u></u>
---------------------------	--------------------------

**Reconciliation to GAAP Fund Balance:**

Fund Balance, Budgetary Basis	\$ 125,581
Less: Unearned Revenue - SDA Grants	<u>(20,743)</u>
Fund Balance, GAAP Basis	<u><u>\$ 104,838</u></u>

## Recapitulation:

Restricted for Capital Projects	
Year End Encumbrances	\$ 24,552
Available for Capital Projects	<u>80,286</u>
	<u><u>\$ 104,838</u></u>

**TOTOWA BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
IMPROVEMENTS TO WASHINGTON PARK SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SCC Grant	\$ 2,932,683		\$ 2,932,683	\$ 2,932,683
Transfer In - Capital Outlay	580,000		580,000	580,000
Bond Proceeds	7,655,315	-	7,655,315	7,655,315
	<u>11,167,998</u>	<u>-</u>	<u>11,167,998</u>	<u>11,167,998</u>
<b>Expenditures and Other Financing Uses</b>				
Capital Outlay - Construction Services	313,955		313,955	580,000
Cancellation of Accounts Payable	(90,016)		(90,016)	
Cancelled	264,390		264,390	
Unallocated	10,672,819	-	10,672,819	10,587,998
	<u>11,161,148</u>	<u>-</u>	<u>11,161,148</u>	<u>11,167,998</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 6,850</u>	<u>\$ -</u>	<u>\$ 6,850</u>	<u>\$ -</u>

**Additional project information:**

Project Number	SP#5200-060-03-0788
Grant Date	02/09/2005
Bond Authorization Date	03/11/2003
Bonds Authorized	\$ 7,975,000
Bonds Issued	7,975,000
Original Authorized Cost	10,791,262
Authorized Cost Cancelled	376,736
Additional Authorized Cost	580,000
Revised Authorized Cost	11,167,998
Percentage Increase(Decrease) Over Original	
Authorized Cost	5.37%
Percentage Completion	98.00%
Original Target Completion Date	06/2007
Revised Target Completion Date	06/2009

**TOTOWA BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
ROOF REPLACEMENT AND REPAIRS AT WASHINGTON PARK SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources- SCC Grant	\$ 81,306		\$ 81,306	\$ 81,306
Bond Proceeds	121,958		121,958	121,958
Transfer In - Capital Outlay	200,000		200,000	200,000
Transfer In - Capital Reserve	213,283	-	213,283	213,283
	<u>616,547</u>	<u>-</u>	<u>616,547</u>	<u>616,547</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	549,675	-	549,675	616,547
	<u>549,675</u>	<u>-</u>	<u>549,675</u>	<u>616,547</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 66,872</u>	<u>\$ -</u>	<u>\$ 66,872</u>	<u>\$ -</u>

**Additional project information:**

Project Number	SP#5200-060-05-2000
Grant Date	02/09/2005
Bond Authorization Date	03/11/2003
Bonds Authorized	\$ 121,958
Bonds Issued	121,958
Original Authorized Cost	203,264
Additional Authorized Cost - 2005/06	213,283
Additional Authorized Cost - 2006/07	200,000
Revised Authorized Cost	616,547

## Percentage Increase(Decrease) Over Original

Authorized Cost	200.00%
Percentage Completion	100.00%
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**TOTOWA BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
CAFETERIA FLOOR REPLACEMENT AT WASHINGTON PARK SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant		\$ 34,740	\$ 34,740	\$ 34,740
Transfer In - Capital Reserve	-	52,111	52,111	52,111
<b>Total Revenues and Other Financing Sources</b>	-	86,851	86,851	86,851
<b>Expenditures and Other Financing Uses</b>				
Construction Services	-	34,992	34,992	86,851
<b>Total Expenditures and Other Financing Uses</b>	-	34,992	34,992	86,851
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ 51,859	\$ 51,859	\$ -

**Additional project information:**

Project Number	5200-060-10-1001
Grant Date	8/9/2010
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	86,851
Authorized Cost Cancelled	
Revised Authorized Cost	86,851
Percentage Increase(Decrease) Over Original	
Authorized Cost	0.00%
Percentage Completion	40.29%
Original Target Completion Date	6/30/2012
Revised Target Completion Date	6/30/2012

**ENTERPRISE FUND**

**EXHIBIT G-1**

**TOTOWA BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 31,228	\$ 129,207	\$ 160,435
Total Assets	<u>\$ 31,228</u>	<u>\$ 129,207</u>	<u>\$ 160,435</u>
<b>LIABILITIES</b>			
Accrued Salaries and Wages		\$ 127,127	\$ 127,127
Payroll Deductions		486	486
Due to Other Funds		1,594	1,594
Due to Student Groups	<u>\$ 31,228</u>	<u>-</u>	<u>31,228</u>
Total Liabilities	<u>\$ 31,228</u>	<u>\$ 129,207</u>	<u>\$ 160,435</u>

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

THIS STATEMENT IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

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

	<u>Balance, July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2011</u>
Due to Student Groups				
Elementary Schools				
Washington Park	\$ 20,586	\$ 103,147	\$ 102,702	\$ 21,031
Memorial	<u>9,687</u>	<u>3,337</u>	<u>2,827</u>	<u>10,197</u>
 Total All Schools	 <u>\$ 30,273</u>	 <u>\$ 106,484</u>	 <u>\$ 105,529</u>	 <u>\$ 31,228</u>

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

	<b>Balance, July 1, <u>2010</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2011</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 129,890	\$ 4,135,952	\$ 4,265,356	\$ 486
Accrued Salaries and Wages	7,305	5,478,222	5,358,400	127,127
Due to Other Funds	<u>1,010</u>	<u>584</u>	<u>-</u>	<u>1,594</u>
 Total	 <u>\$ 138,205</u>	 <u>\$ 9,614,758</u>	 <u>\$ 9,623,756</u>	 <u>\$ 129,207</u>

**LONG-TERM DEBT**

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

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Retired</u>	<u>Balance, June 30, 2011</u>
Improvements to Washington Park and Memorial Schools	8/15/2003	\$ 8,702,000	2/15/2012	\$ 485,000	4.200%			
			2/15/2013	500,000	4.200%			
			2/15/2014	535,000	4.200%			
			2/15/2015	560,000	4.200%			
			2/15/2016	585,000	4.200%			
			2/15/2017	610,000	4.200%			
			2/15/2018	635,000	4.200%			
			2/15/2019	660,000	4.250%			
			2/15/2020	690,000	4.250%			
			2/15/2021	715,000	4.250%			
			2/15/2022	757,000	4.250%			
						\$ 7,197,000	\$ 465,000	\$ 6,732,000
						\$ 7,197,000	\$ 465,000	\$ 6,732,000

**TOTOWA BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOT APPLICABLE**

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 777,816	-	\$ 777,816	\$ 777,816	-
Total Revenues	<u>777,816</u>	<u>-</u>	<u>777,816</u>	<u>777,816</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	472,913		472,913	472,913	
Interest	305,069	-	305,069	305,069	-
Total Expenditures	<u>777,982</u>	<u>-</u>	<u>777,982</u>	<u>777,982</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(166)	-	(166)	(166)	-
Other Financing Sources					
Operating Transfer In	-	-	-	166	166
Net Change in Fund Balance	(166)	-	(166)	-	166
Fund Balance, Beginning of Year	950	-	950	950	-
Fund Balance, End of Year	<u>\$ 784</u>	<u>\$ -</u>	<u>\$ 784</u>	<u>\$ 950</u>	<u>\$ 166</u>
Recapitulation:					
Restricted for Debt Service					
Designated for Subsequent Year's Expenditures				<u>\$ 950</u>	

**TOTOWA BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF LOANS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Intergovernmental Loan</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding July 1, 2010</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2011</u>
Safe Loan	1.50%	\$ 33,756	\$ 5,279	\$ 1,320	\$ 3,959
Small Project	5.29%	101,268	<u>28,155</u>	<u>6,593</u>	<u>21,562</u>
			<u>\$ 33,434</u>	<u>\$ 7,913</u>	<u>\$ 25,521</u>

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

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

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

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

	2004	2005	Fiscal Year Ended 2006	2007	2008	2009 (Restated)	2010	2011
<b>Governmental Activities</b>								
Invested in Capital Assets, Net of Related Debt	\$ 436,583	\$ 1,243,589	\$ 2,401,427	\$ 5,763,733	\$ 6,061,293	\$ 2,290,037	\$ 2,691,515	\$ 2,860,550
Restricted	158,685	171,924	21,508	12,070	12,535	302,768	117,070	97,306
Unrestricted	<u>1,297,249</u>	<u>2,255,798</u>	<u>3,882,985</u>	<u>2,692,907</u>	<u>1,917,878</u>	<u>2,029,661</u>	<u>2,065,023</u>	<u>2,005,795</u>
<b>Total Governmental Activities Net Assets</b>	<b>\$ 1,892,517</b>	<b>\$ 3,671,311</b>	<b>\$ 6,305,920</b>	<b>\$ 8,468,710</b>	<b>\$ 7,991,706</b>	<b>\$ 4,622,466</b>	<b>\$ 4,873,608</b>	<b>\$ 4,963,651</b>
<b>Business-Type Activities</b>								
Invested in Capital Assets, Net of Related Debt	\$ 18,090	\$ 23,328	\$ 23,659	\$ 24,285	\$ 30,491	\$ 40,650	\$ 68,261	\$ 90,516
Restricted								
Unrestricted								
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 18,090</b>	<b>\$ 23,328</b>	<b>\$ 23,659</b>	<b>\$ 24,285</b>	<b>\$ 30,491</b>	<b>\$ 40,650</b>	<b>\$ 68,261</b>	<b>\$ 90,516</b>
<b>District-Wide</b>								
Invested in Capital Assets, Net of Related Debt	\$ 436,583	\$ 1,243,589	\$ 2,401,427	\$ 5,763,733	\$ 6,061,293	\$ 2,290,037	\$ 2,691,515	\$ 2,860,550
Restricted	158,685	171,924	21,508	12,070	12,535	302,768	117,070	97,306
Unrestricted	<u>1,315,339</u>	<u>2,279,126</u>	<u>3,906,644</u>	<u>2,717,192</u>	<u>1,948,369</u>	<u>2,070,311</u>	<u>2,133,284</u>	<u>2,096,311</u>
<b>Total District Net Assets</b>	<b>\$ 1,910,607</b>	<b>\$ 3,694,639</b>	<b>\$ 6,329,579</b>	<b>\$ 8,492,995</b>	<b>\$ 8,022,197</b>	<b>\$ 4,663,116</b>	<b>\$ 4,941,869</b>	<b>\$ 5,054,167</b>

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

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

	Fiscal Year Ended							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>								
<b>Governmental Activities</b>								
Instruction								
Regular	\$ 4,819,614	\$ 4,996,219	\$ 5,244,312	\$ 6,384,262	\$ 6,996,539	\$ 6,857,279	\$ 7,171,784	\$ 6,859,725
Special Education	1,707,793	1,518,928	1,485,801	1,908,657	2,261,052	1,363,745	1,888,150	1,610,676
Other Instruction	298,376	407,835	544,383	443,779	773,083	665,212	465,383	593,159
School Sponsored Activities And Athletics	8,575	23,632	17,233	29,869	27,478	18,158	8,238	5,217
Support Services:								
Tuition								
Student & Instruction Related Services	835,330	1,295,628	1,475,387	1,429,682	1,455,257	1,650,247	1,786,109	2,030,595
School Administrative Services	662,675	588,397	652,533	562,460	529,842	605,756	534,856	639,407
General Administration	460,274	394,144	448,356	538,773	772,583	543,284	667,796	573,380
Plant Operations And Maintenance	882,997	918,732	956,291	1,147,998	1,243,589	1,263,197	1,339,428	1,311,870
Pupil Transportation	507,856	496,472	480,380	555,811	613,911	518,655	409,175	372,654
Other Support Services	233,420	261,886	294,653	555,980	347,644	334,823	368,456	404,065
Interest On Long-Term Debt	397,130	424,579	404,532	382,623	362,979	342,566	317,817	297,576
Unallocated Depreciation	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Expenses</b>	<u>10,814,040</u>	<u>11,326,452</u>	<u>12,003,861</u>	<u>13,939,894</u>	<u>15,383,957</u>	<u>14,162,922</u>	<u>14,957,192</u>	<u>14,698,324</u>
<b>Business-Type Activities:</b>								
Food Service	42,204	37,269	49,351	58,362	64,969	65,869	269,279	302,041
<b>Total Business-Type Activities Expense</b>	<u>42,204</u>	<u>37,269</u>	<u>49,351</u>	<u>58,362</u>	<u>64,969</u>	<u>65,869</u>	<u>269,279</u>	<u>302,041</u>
<b>Total District Expenses</b>	<u>\$ 10,856,244</u>	<u>\$ 11,363,721</u>	<u>\$ 12,053,212</u>	<u>\$ 13,998,256</u>	<u>\$ 15,448,926</u>	<u>\$ 14,228,791</u>	<u>\$ 15,226,471</u>	<u>\$ 15,000,365</u>
<b>Program Revenues</b>								
<b>Governmental Activities:</b>								
Charges For Services:								
Instruction (Tuition)				\$ 55,203	\$ 96,949	\$ 93,721	\$ 173,659	\$ 159,033
Operating Grants And Contributions	\$ 1,591,824	\$ 1,692,112	\$ 1,812,947	2,318,007	2,489,613	1,974,331	2,226,081	1,505,589
Capital Grants And Contributions	64,999	489,336	1,173,073	1,653,629	117,890	117,890	125,355	13,997
<b>Total Governmental Activities Program Revenues</b>	<u>1,656,823</u>	<u>2,181,448</u>	<u>2,986,020</u>	<u>4,026,839</u>	<u>2,704,452</u>	<u>2,185,942</u>	<u>2,525,095</u>	<u>1,678,619</u>
<b>Business-Type Activities:</b>								
Charges For Services								
Food Service	28,493	25,868	29,388	30,366	\$ 36,592	\$ 40,236	\$ 229,515	\$ 245,793
Operating Grants And Contributions	17,289	16,299	19,494	27,601	33,893	35,646	67,174	78,342
<b>Total Business Type Activities Program Revenues</b>	<u>45,782</u>	<u>42,167</u>	<u>48,882</u>	<u>57,967</u>	<u>70,485</u>	<u>75,882</u>	<u>296,689</u>	<u>324,135</u>
<b>Total District Program Revenues</b>	<u>\$ 1,702,605</u>	<u>\$ 2,223,615</u>	<u>\$ 3,034,902</u>	<u>\$ 4,084,806</u>	<u>\$ 2,774,937</u>	<u>\$ 2,261,824</u>	<u>\$ 2,821,784</u>	<u>\$ 2,002,754</u>
<b>Net (Expense)/Revenue</b>								
Governmental Activities	\$ (9,157,217)	\$ (9,145,004)	\$ (9,017,841)	\$ (9,913,055)	\$ (12,679,505)	\$ (11,976,980)	\$ (12,432,097)	\$ (13,019,705)
Business-Type Activities	3,578	4,898	(469)	(395)	5,516	10,013	27,410	22,094
<b>Total District-Wide Net Expense</b>	<u>\$ (9,153,639)</u>	<u>\$ (9,140,106)</u>	<u>\$ (9,018,310)</u>	<u>\$ (9,913,450)</u>	<u>\$ (12,673,989)</u>	<u>\$ (11,966,967)</u>	<u>\$ (12,404,687)</u>	<u>\$ (12,997,611)</u>

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

	Fiscal Year Ended							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Revenues and Other Changes in Net Assets</b>								
<b>Governmental Activities:</b>								
Property Taxes Levied For General Purposes, Net	\$ 8,992,325	\$ 9,771,938	\$ 10,264,318	\$ 10,863,652	\$ 11,055,151	\$ 11,447,357	\$ 11,893,664	\$ 12,294,411
Taxes Levied For Debt Service	488,123	808,991	818,583	781,019	787,194	797,538	761,399	777,816
Investment Earnings	92,272	117,616	384,665	281,519	173,835	75,357	27,089	16,826
Federal and State Aid - Unrestricted	100,598	125,047	125,866	125,764	147,763	38,413		
State Aid Restricted for Debt Service	28,740	28,740	28,740					
Miscellaneous Income	4,809	11,466	30,278	23,891	38,558	2,572	1,087	20,695
Accrued Interest on Bonds	19,304	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>9,726,171</b>	<b>10,863,798</b>	<b>11,652,450</b>	<b>12,075,845</b>	<b>12,202,501</b>	<b>12,361,237</b>	<b>12,683,239</b>	<b>13,109,748</b>
<b>Business-Type Activities:</b>								
Investment Earnings	114	340	800	1,021	690	146	201	161
Transfers	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>114</b>	<b>340</b>	<b>800</b>	<b>1,021</b>	<b>690</b>	<b>146</b>	<b>201</b>	<b>161</b>
<b>Total District-Wide</b>	<b>\$ 9,726,285</b>	<b>\$ 10,864,138</b>	<b>\$ 11,653,250</b>	<b>\$ 12,076,866</b>	<b>\$ 12,203,191</b>	<b>\$ 12,361,383</b>	<b>\$ 12,683,440</b>	<b>\$ 13,109,909</b>
<b>Change in Net Assets</b>								
Governmental Activities	\$ 568,954	\$ 1,718,794	\$ 2,634,609	\$ 2,162,790	\$ (477,004)	\$ 384,257	\$ 251,142	\$ 90,043
Business-Type Activities	3,692	5,238	331	626	6,206	10,159	27,611	22,255
	<u>572,646</u>	<u>1,724,032</u>	<u>2,634,940</u>	<u>2,163,416</u>	<u>(470,798)</u>	<u>394,416</u>	<u>278,753</u>	<u>112,298</u>
Transfer Out	-	-	-	-	-	(55,000)	-	-
<b>Net Change in Net Assets</b>	<b>\$ 568,954</b>	<b>\$ 1,718,794</b>	<b>\$ 2,634,609</b>	<b>\$ 2,162,790</b>	<b>\$ (477,004)</b>	<b>\$ 329,257</b>	<b>\$ 251,142</b>	<b>\$ 90,043</b>
Governmental Activities	\$ 568,954	\$ 1,718,794	\$ 2,634,609	\$ 2,162,790	\$ (477,004)	\$ 329,257	\$ 251,142	\$ 90,043
Business-Type Activities	3,692	5,238	331	626	6,206	10,159	27,611	22,255
<b>Total District</b>	<b>\$ 572,646</b>	<b>\$ 1,724,032</b>	<b>\$ 2,634,940</b>	<b>\$ 2,163,416</b>	<b>\$ (470,798)</b>	<b>\$ 339,416</b>	<b>\$ 278,753</b>	<b>\$ 112,298</b>

## Note:

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

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

	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	\$ 1,830,288	\$ 2,780,876	\$ 3,519,516	\$ 2,956,817	\$ 2,186,368	\$ 2,703,336	\$ 2,533,451	
Unreserved	261,204	311,085	230,570	199,366	239,121	149,048	238,921	\$ 2,300,921
Restricted								130,000
Committed								51,625
Assigned								262,082
Unassigned								
<b>Total General Fund</b>	<b>\$ 2,091,492</b>	<b>\$ 3,091,961</b>	<b>\$ 3,750,086</b>	<b>\$ 3,156,183</b>	<b>\$ 2,425,489</b>	<b>\$ 2,852,384</b>	<b>\$ 2,772,372</b>	<b>\$ 2,744,628</b>
All Other Governmental Funds								
Reserved	\$ 1,528,000	\$ 8,439,339	\$ 1,405,853	\$ 36,000	\$ 36,000			
Unreserved	6,819,571	(1,833,754)	(1,113,377)	482,604	560,948	271,209	74,672	\$ 105,788
Restricted								
<b>Total All Other Governmental Funds</b>	<b>\$ 8,347,571</b>	<b>\$ 6,605,585</b>	<b>\$ 292,476</b>	<b>\$ 482,604</b>	<b>\$ 596,948</b>	<b>\$ 271,209</b>	<b>\$ 74,672</b>	<b>\$ 105,788</b>

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

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

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

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>								
Tax Levy	\$ 9,480,448	\$ 10,580,929	\$ 11,082,901	\$ 11,644,671	\$ 11,842,345	\$ 12,244,895	\$ 12,655,073	\$ 13,072,227
Tuition Charges				55,203	96,949	93,721	173,659	159,033
Interest Earnings	92,272	177,616	384,665	281,519	173,835	75,357	27,089	16,826
Miscellaneous	5,022	11,466	30,278	23,891	38,558	2,572	1,087	23,895
State Sources	1,563,414	2,088,097	2,902,003	3,834,168	2,495,841	1,718,611	1,779,089	1,186,364
Federal Sources	222,534	247,138	238,623	263,232	259,425	294,133	572,347	330,022
<b>Total Revenue</b>	<b>11,363,690</b>	<b>13,105,246</b>	<b>14,638,470</b>	<b>16,102,684</b>	<b>14,906,953</b>	<b>14,429,289</b>	<b>15,208,344</b>	<b>14,788,367</b>
<b>Expenditures</b>								
<b>Instruction</b>								
Regular Instruction	4,874,436	4,950,289	5,327,095	6,107,261	6,741,663	6,617,221	6,870,794	6,568,872
Special Education Instruction	1,723,292	1,505,827	1,470,943	1,936,243	2,260,935	1,376,222	1,876,687	1,598,701
Other Instruction	296,413	413,833	538,950	453,105	773,083	665,212	462,474	588,661
School Sponsored Activities and Athletics	8,575	23,632	17,233	29,869	27,478	18,158	8,228	5,217
<b>Support Services:</b>								
Student and Inst. Related Services	778,278	1,229,447	1,518,747	1,436,618	1,402,848	1,608,630	1,746,024	1,988,907
General Administration	428,310	384,054	437,465	503,038	720,712	493,445	499,993	539,670
School Administrative Services	620,344	591,568	654,308	529,323	502,933	565,288	648,906	620,890
Plant Operations And Maintenance	819,054	907,868	956,396	1,135,197	1,221,276	1,239,119	1,324,186	1,297,071
Pupil Transportation	507,856	496,472	480,380	555,811	613,911	518,655	409,175	372,654
Other Support Services	217,114	261,957	282,587	535,309	329,036	314,517	351,702	387,578
<b>Capital Outlay</b>	<b>438,601</b>	<b>2,244,085</b>	<b>7,742,854</b>	<b>2,493,453</b>	<b>142,234</b>	<b>59,294</b>	<b>328,778</b>	<b>38,792</b>
<b>Debt Service:</b>								
Principal	254,035	407,130	455,366	401,914	417,147	447,393	629,644	472,913
Interest and Other Charges	262,969	430,601	411,130	389,318	370,047	349,979	328,292	305,069
<b>Total Expenditures</b>	<b>11,229,277</b>	<b>13,846,763</b>	<b>20,293,454</b>	<b>16,506,459</b>	<b>15,523,303</b>	<b>14,273,133</b>	<b>15,484,883</b>	<b>14,784,995</b>
<b>Excess (Deficiency) of Revenues</b>								
Over (Under) Expenditures	134,413	(741,517)	(5,654,984)	(403,775)	(616,350)	156,156	(276,539)	3,372
<b>Other Financing Sources (Uses)</b>								
Serial Bond Proceeds	8,702,000							
Accrued Interest on Bonds	19,304							
Transfers In	80,694	119,899	431,275	868,453	30,282	316,629	477,329	52,575
Transfers Out	(80,694)	(119,899)	(431,275)	(868,453)	(30,282)	(371,629)	(477,329)	(52,575)
<b>Total Other Financing Sources (Uses)</b>	<b>8,721,304</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(55,000)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 8,855,717</b>	<b>\$ (741,517)</b>	<b>\$ (5,654,984)</b>	<b>\$ (403,775)</b>	<b>\$ (616,350)</b>	<b>\$ 101,156</b>	<b>\$ (276,539)</b>	<b>\$ 3,372</b>
<b>Debt Service as a Percentage of</b>								
Noncapital Expenditures	4.79%	7.22%	6.90%	5.65%	5.12%	5.61%	6.32%	5.28%

\* Noncapital expenditures are total expenditures less capital outlay.

Note:

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

**TOTOWA BOARD OF EDUCATION  
GOVERNMENTAL FUNDS OTHER LOCAL REVENUES BY SOURCE\*  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30</u>	<u>Tuition</u>	<u>Interest on Deposits</u>	<u>Rentals</u>	<u>Misc.</u>	<u>Total</u>
2011	\$ 159,033	\$ 16,826		\$ 23,895	\$ 199,754
2010	173,659	27,089		1,087	201,835
2009	93,721	48,633		2,572	144,926
2008	96,949	143,553		38,558	279,060
2007	55,203	218,581		8,891	282,675
2006		166,673		30,278	196,951
2005		57,717		11,466	69,183
2004		30,882		5,022	35,904
2003		35,550		5,719	41,269
2002		57,753	\$ 25,512	7,207	90,472

Source: School District's Financial Statements

\* Includes General, Special Revenue and Debt Service Funds

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

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2002	\$ 21,889,400	\$ 549,962,500	\$ 550,800	\$ 500	\$ 319,165,300	\$ 204,896,000	N/A	\$ 1,096,464,500	\$ 2,416,355	\$ 1,098,880,855	\$ 1,298,513,145	0.743
2003	21,267,200	556,386,400	550,800	500	319,429,600	207,238,700	N/A	1,104,873,200	2,372,827	1,107,246,027	1,333,099,903	0.857
2004	17,098,700	595,542,100	550,800	500	320,376,100	207,181,400	N/A	1,140,749,600	1,900,491	1,142,650,091	1,397,960,518	0.926
2005	12,624,100	634,068,400	550,800	500	321,028,500	206,968,800	N/A	1,175,241,100	1,637,370	1,176,878,670	1,969,237,768	0.943
2006	10,906,600	664,187,700	550,800	500	316,473,400	196,183,800	N/A	1,188,302,800	1,564,506	1,189,867,306	2,335,362,720	0.978
2007	12,383,700	656,438,500	550,800	500	312,189,700	190,153,000	N/A	1,171,716,200	1,422,982	1,173,139,182	2,316,477,454	1.012
2008	13,260,200	658,512,500	550,800	500	320,241,600	177,776,500	N/A	1,170,342,100	1,447,159	1,171,789,259	1,763,425,655	1.045
2009 *	36,899,000	1,544,805,000	1,007,100	2,800	739,736,900	377,270,900	N/A	2,699,711,700	3,583,498	2,703,305,198	2,527,634,598	0.468
2010	33,633,600	1,543,628,500	1,007,100	2,800	731,106,100	368,661,200	N/A	2,678,059,500	2,883,486	2,680,942,786	2,522,765,395	0.488
2011	30,317,700	1,380,731,400	900,400	2,800	655,477,800	337,383,600	N/A	2,404,813,700	2,718,721	2,407,532,421	2,454,392,427	0.554

Source: County Abstract of Rates

<sup>a</sup> Tax rates are per \$100

\* Revaluation of Real Property

**TOTOWA BOARD OF EDUCATION  
PROPERTY TAX RATES  
PER \$100 OF ASSESSED VALUATION  
LAST TEN YEARS  
(Unaudited)**

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Regional School District</u>	<u>Municipality</u>	<u>County</u>
2011	\$ 1.965	\$ 0.554	\$ 0.372	\$ 0.462	\$ 0.577
2010	1.698	0.488	0.323	0.390	0.497
2009 *	1.620	0.468	0.294	0.391	0.467
2008	3.539	1.045	0.638	0.859	0.997
2007	3.400	1.012	0.607	0.828	0.953
2006	3.210	0.978	0.578	0.729	0.925
2005	3.090	0.943	0.560	0.698	0.889
2004	2.910	0.926	0.519	0.668	0.797
2003	2.710	0.857	0.496	0.651	0.706
2002	2.580	0.743	0.476	0.635	0.726

\* Revaluation of Real Property

EXHIBIT J-8

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

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Fidelity Syndications	\$ 56,514,800	2.35%	\$ 26,018,600	2.37%
Totowa VF, LLC	56,501,300	2.35%	36,428,000	3.32%
Hoffman La Roche, Inc.	32,485,800	1.35%	19,500,000	1.77%
930 N. Riverview Assoc LLC	24,424,700	1.01%	16,228,100	1.48%
Norwell Land Company	23,000,000	0.96%	15,474,200	1.41%
Abill Realty	22,365,000	0.93%	9,305,000	0.85%
Mountainview Venture 50 Madison LLC	18,928,400	0.79%		
Totowa Plaza Rt 46 LLC	18,355,800	0.76%		
Totowa Plaza Rt 46 LLC	17,711,500	0.74%		
Taft Associates	16,920,000	0.70%	9,778,800	0.89%
Holiday 46 LLC			17,757,800	1.62%
Rossmore Assoc/Vons Co.			11,500,000	1.05%
IMS America, LTD			10,500,000	0.96%
	<u>\$ 252,575,800</u>	<u>11.93%</u>	<u>\$ 172,490,500</u>	<u>14.29%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 7,434,821	\$ 7,434,821	100.00%	-
2003	8,148,090	8,148,090	100.00%	-
2004	9,480,448	9,480,448	100.00%	-
2005	10,580,929	10,580,929	100.00%	-
2006	11,082,901	11,082,901	100.00%	-
2007	11,644,071	11,615,330	98.00%	\$ 28,741
2008	11,842,345	11,842,345	100.00%	-
2009	12,244,895	12,244,895	100.00%	-
2010	12,655,073	12,655,073	100.00%	-
2011	13,072,227	13,072,227	100.00%	-

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Intergovernmental Loan	Capital Leases	Total District		
2005	\$ 9,444,000		\$ 68,676	\$ 69,222	-	\$ 9,581,898	10,386	\$ 923
2006	9,064,000			62,532	-	9,126,532	10,431	875
2007	8,669,000			55,678	-	8,724,678	10,489	832
2008	8,259,000			48,471	-	8,307,471	10,557	787
2009	7,819,000			41,078	-	7,860,078	10,661	737
2010	7,197,000			33,434	-	7,230,434	10,661	678
2011	6,732,000			25,521	-	6,757,521	10,661	634

Source: District records

Note:

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

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

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2005	\$ 9,444,000	-	\$ 9,444,000	0.80%	\$ 913
2006	9,064,000	-	9,064,000	0.76%	865
2007	8,669,000	-	8,669,000	0.74%	822
2008	8,259,000	-	8,259,000	0.70%	778
2009	7,819,000	-	7,819,000	0.29%	736
2010	7,197,000	-	7,197,000	0.27%	736
2011	6,732,000	-	6,732,000	0.28%	736

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

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

**TOTOWA BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR YEAR ENDED DECEMBER 31, 2010  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Totowa School District	\$ 7,222,521	\$ 7,222,521	
Regional School District	4,593,372	4,593,372	
Borough of Totowa	4,269,499	1,540,577	\$ 2,728,922
	\$ 16,085,392	\$ 13,356,470	2,728,922
Overlapping Debt Apportioned to the Municipality:			
Passaic County: (2) and (3)			
County of Passaic (A)			17,058,378
Passaic County Utilities Authority (B)			2,883,731
Passaic Valley Sewerage Commission (B)			3,017,378
			22,959,487
Total Direct and Overlapping Debt			\$ 25,688,409

(A) The debt for this entity was apportioned to the Borough of Totowa by dividing the Municipality's 2010 equalized value by the total 2010 equalized value for Passaic County.

(B) Overlapping debt was computed based upon municipal flow to the Authority.

Sources:

- (1) Borough of Totowa 2010 Annual Debt Statement
- (2) PCUA 2010 Audit
- (3) PVSC 2010 Audit

TOTOWA BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis	
2010	\$ 2,502,157,619
2009	2,540,436,341
2008	2,509,847,952
	<u>\$ 7,552,441,912</u>

Average equalized valuation of taxable property	\$ 2,517,480,637
Debt limit (3 % of average equalization value)	75,524,419 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>6,757,521</u>
Legal debt margin	<u>\$ 68,766,898</u>

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 33,112,232	\$ 35,439,889	\$ 37,577,856	\$ 41,938,816	\$ 40,085,906	\$ 63,408,826	\$ 67,501,286	\$ 71,628,296	\$ 73,709,739	\$ 75,524,419
Total Net Debt Applicable to Limit	<u>1,686,026</u>	<u>1,520,098</u>	<u>13,347,605</u>	<u>9,854,709</u>	<u>9,126,532</u>	<u>8,724,618</u>	<u>8,307,471</u>	<u>7,860,078</u>	<u>7,230,434</u>	<u>6,757,521</u>
Legal Debt Margin	<u>\$ 31,426,206</u>	<u>\$ 33,919,791</u>	<u>\$ 24,230,251</u>	<u>\$ 32,084,107</u>	<u>\$ 30,959,374</u>	<u>\$ 54,684,208</u>	<u>\$ 59,193,815</u>	<u>\$ 63,768,218</u>	<u>\$ 66,479,305</u>	<u>\$ 68,766,898</u>

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.09%	4.29%	35.52%	23.50%	22.77%	13.76%	12.31%	10.97%	9.81%	8.95%
--	-------	-------	--------	--------	--------	--------	--------	--------	-------	-------

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

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

**TOTOWA BOARD OF EDUCATION  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>School District Population</u>
2010	7.6	N/A	10,661
2009	7.4	\$ 40,436	10,661
2008	3.8	41,756	10,557
2007	2.9	40,845	10,489
2006	3.1	38,392	10,431
2005	3.1	35,699	10,386
2004	3.2	33,721	10,160
2003	4.2	32,807	9,903
2002	4.1	32,313	9,935
2001	3.1	31,746	9,926

Source: United States Bureau of Census - Population Division NJ Department of Labor,  
Bureau of Labor Force Statistics

N/A - Updated information not available

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

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

NOT AVAILABLE

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

<u>Function/Program</u>	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction	67	67	63	67	74	66	62	68	71	68
Regular						14	26	23	17	18
Special Education										
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	9	9	9	9	9	12	12	12	12	12
General Administration	2	2	2	2	2	2	2	2	2	7
School Administrative Services	8	8	7	7	7	7	7	7	7	7
Other Administrative Services										
Central Services	3	3	3	3	3	3	3	3	3	3
Administrative Information Technology										
Plant Operations And Maintenance	9	10	10	10	10	13	13	13	13	13
Pupil Transportation										
Other Support Services										
Special Schools										
Food Service										
Child Care										
<b>Total</b>	<b>98</b>	<b>99</b>	<b>94</b>	<b>98</b>	<b>105</b>	<b>117</b>	<b>125</b>	<b>128</b>	<b>125</b>	<b>128</b>

Source: District Personnel Records

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

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	908	8,756,596	9,644	0.96%	87	1:14	1:12	N/A	898	864	#REF!	96.21%
2003	969	9,185,931	9,480	-1.70%	86	1:14	1:12	N/A	947	909	5.46%	95.99%
2004	968	10,273,672	10,613	11.96%	89	1:12	1:12	N/A	953	921	0.63%	96.64%
2005	930	10,764,947	11,575	9.06%	89	1:12	1:12	N/A	912	874	-4.30%	95.83%
2006	973	11,684,104	12,008	3.74%	83	1:12	1:12	N/A	973	951	6.69%	97.74%
2007	1,055	13,221,774	12,532	4.36%	92	1:12	1:12	N/A	981	971	0.82%	98.98%
2008	1,053	14,594,875	13,860	10.59%	88	1:12	1:12	N/A	982	929	0.10%	94.60%
2009	1,054	13,416,467	12,729	-8.16%	91	1:12	1:12	N/A	1,000	956	2.91%	95.60%
2010	1,073	14,198,169	13,232	3.95%	91	1:12	1:12	N/A	1,021	970	1.46%	95.00%
2011	1,037	13,968,221	13,470	1.80%	86	1:12	1:12	N/A	1,027	968	-0.21%	94.26%

Sources: District records

Note: a Enrollment based on annual October district count.  
 b Operating expenditures equal total expenditures less debt service and capital outlay.  
 c Cost per pupil represents operating expenditures divided by enrollment.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>District Building</b>										
<u>Elementary</u>										
Square Feet	60,700	60,700	60,700	60,700	54,000	62,152	62,152	62,152	62,152	62,152
Capacity (students)										
Enrollment	482	493	527	506	516	697	354	363	389	372
<u>Middle School</u>										
Square Feet	54,000	54,000	54,000	54,000	94,700	89,822	89,822	89,822	89,822	89,822
Capacity (students)										
Enrollment	410	408	432	448	399	344	686	680	584	655
Number of Schools at June 30, 2011										
Elementary =	1	1	1	1	1	1	1	1	1	1
Middle School =	1	1	1	1	1	1	1	1	1	1
Senior High School =										
Other =										

Source: District Records

TOTOWA BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
(Unaudited)

School Facilities	Project #	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Memorial School	N/A	\$ 115,799	\$ 140,587	\$ 147,564	\$ 145,719	\$ 127,803	\$ 64,470	\$ 62,804	\$ 58,425	\$ 49,227	\$ 8,549
Washington Park School	N/A	131,283	105,686	99,597	92,763	105,263	74,865	67,123	54,489	52,012	6,103
Board Offices - Firehouse	N/A	-	-	-	-	-	-	-	-	29	412
<b>Grand Total</b>		<b>\$ 247,082</b>	<b>\$ 246,273</b>	<b>\$ 247,161</b>	<b>\$ 238,482</b>	<b>\$ 233,066</b>	<b>\$ 139,335</b>	<b>\$ 129,927</b>	<b>\$ 112,914</b>	<b>\$ 101,268</b>	<b>\$ 15,064</b>

**TOTOWA BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 20111  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Property-School Alliance Insurance Fund		
Blanket Building	\$ 38,231,960	\$ 1,000
General Liability - School Alliance Insurance Fund		
General Aggregate	5,000,000	
Personal Injury	5,000,000	500
Fire	2,500,000	
Medical	5,000	
Umbrella		
Liability Aggregate	5,000,000	
Automobile - School Alliance Insurance Fund		
Single Limit	5,000,000	1,000
School Board Legal Liability - School Alliance Insurance Fund	5,000,000	
Workers Compensation		
Accident	5,000,000	
Employee	5,000,000	
Policy Limit	5,000,000	
Public Official Bonds		
Board Secretary	15,000	
School Leaders Employment Practice Are Advantage	5,000,000	

Source: School District's records

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Totowa Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Totowa Board of Education's basic financial statements and have issued our report thereon dated December 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

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

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

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

**Compliance and Other Matters**

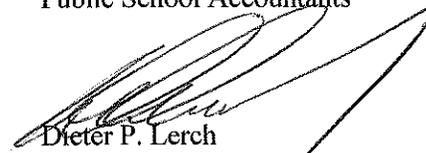
As part of obtaining reasonable assurance about whether the Totowa Board of Education’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct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

We noted certain matters that we have reported to management of the Totowa Board of Education in a separate report entitled, “Auditors’ Management Report on Administrative Findings – Financial, Compliance and Performance” dated December 5, 2011.

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



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



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
December 5, 2011

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

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

### Independent Auditor's Report

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

### Compliance

We have audited the Totowa Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Totowa Board of Education's major state programs for the fiscal year ended June 30, 2011. Totowa Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Totowa Board of Education's management. Our responsibility is to express an opinion on Totowa Board of Education's compliance based on our audit.

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

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

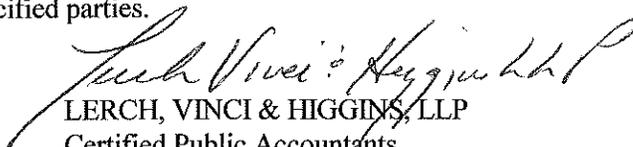
### Internal Control Over Compliance

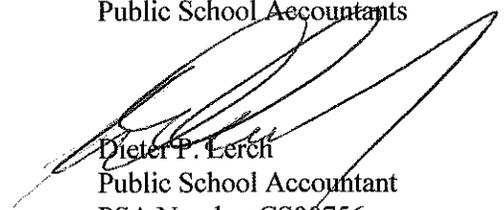
Management of Totowa Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Totowa Board of Education's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

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

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

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

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

  
 Dieter P. Lerch  
 Public School Accountant  
 PSA Number CS00756

Fair Lawn, New Jersey  
 December 5, 2011

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

Federal/Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or State Number	Grant Period	Award Amount	Balance, July 1, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Accounts Receivable	Deferred Revenue	Due to Grantor	MEMO GAAP Receivable
<b>U.S. Department of Agriculture</b>													
<b>Passed-Through State Dept. of Education</b>													
<i>Enterprise Fund</i>													
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	\$ 75,201	\$ (6,184)		\$ 60,700	\$ (75,201)		\$ (14,501)			\$ 14,501
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	63,358			6,184						
<b>Total U.S. Department of Agriculture</b>													
					(6,184)		66,884	(75,201)		(14,501)			14,501
<b>U.S. Department of Education</b>													
<i>General Fund</i>													
Special Education Medicaid Reimbursement	93.778	N/A	7/1/10-6/30/11	20,595			20,595	(20,595)					
<b>U.S. Department of Education</b>													
<i>Special Revenue Fund</i>													
<b>Passed-Through State Dept. of Education</b>													
NCLB - Title I	84.010	NCLB520011	9/1/10-8/31/11	59,441		\$ 2,094	32,713	(50,270)		(26,728)	\$ 11,205		15,523
NCLB - Title I	84.010	NCLB520010	9/1/09-8/31/10	53,975	(51,941)	(2,034)	53,975						5,459
ARRA - Title I	84.389	N/A	9/1/09-8/31/10	17,059	(5,459)					(5,459)			4,755
NCLB - Title II-A	84.281	NCLB520011	9/1/10-8/31/11	19,923		1,851	12,379	(18,985)		(7,544)	2,789		
NCLB - Title II-A	84.281	NCLB520010	9/1/09-8/31/10	17,836	(15,985)	(1,851)	17,836			(137)	450		
NCLB - Title II-D	84.281	NCLB520011	9/1/10-8/31/11	137		432		(119)					
NCLB - Title II-D	84.281	NCLB520010	9/1/09-8/31/10	538	(106)	(432)	538						
NCLB - Title II-D, Carryover	84.281	NCLB520008	9/1/07-6/30/08	153	21							\$ 21	
NCLB - Title III	84.365	NCLB520010	9/1/09-8/31/10	4,111						(4,111)	4,111		
NCLB - Title III-Immigrant	84.365	NCLB520008	9/1/07-6/30/08	2,935	1,033			(400)	\$ (312)		1,033		
NCLB - Title IV	84.340	NCLB520011	9/1/10-8/31/11			1,089					377		
NCLB - Title IV	84.340	NCLB520010	9/1/09-8/31/10	2,164	(1,544)	(620)	2,164						
NCLB - Title IV	84.340	NCLB520009	9/1/08-8/31/09	2,363		(469)	469						
NCLB - Title V	84.298	NCLB520008	9/1/07-6/30/08	1,384	204							204	
I.D.E.A. Part B, Basic Regular	84.027	IDEA520011	9/1/10-8/31/11	231,447		13,070	211,741	(231,357)		(19,706)	13,160		6,546
I.D.E.A. Part B, Basic Regular	84.027	IDEA520010	9/1/09-8/31/10	220,692	(53,312)	(13,070)	66,382						
ARRA - IDEA, Basic	84.391	IDEA520009	9/1/08-8/31/09	252,327	(17,238)					(23,173)	5,935		17,238
I.D.E.A. Part B, Preschool	84.173	IDEA520011	9/1/10-8/31/11	8,296		1,057	8,296	(8,296)			1,057		
I.D.E.A. Part B, Preschool	84.173	IDEA520010	9/1/09-8/31/10	7,797	(6,740)	(1,057)	7,797			(9,123)	9,123		
ARRA - IDEA Preschool	84.392	N/A	9/1/09-8/31/10	9,123									
<b>Total Special Revenue Fund</b>					(151,067)		414,290	(309,427)	(312)	(95,981)	49,240	225	49,521
<b>Total Federal Awards</b>					\$ (157,251)		\$ 501,769	\$ (405,223)	\$ (312)	\$ (110,482)	49,240	\$ 225	\$ 64,022

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

State Comptroller/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2010		Carryover Amount	Cash Received	Budgetary Expenditures	Revised of Prior Years' Balances	Balance, June 30, 2011		Due to Grantor	Cumulative Expenditures
				Available/Receivable/Deferred Revenue	Due to Grantor					Accounts Receivable	Deferred Revenue		
<b>State Department of Education</b>													
<i>General Fund</i>													
Special Education Aid	11-100-034-5120-089	7/1/10-6/30/11	\$ 29,330	\$ (19,748)	\$ (29,330)	\$ 29,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,330
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	367,976	(2,243)	2,938	2,938	-	-	-	-	-	-	372,671
Security Aid	7/1/09-6/30/10	51,115	(3,076)	3,076	-	-	-	-	-	-	-	-	48,115
Transportation Aid	10-495-034-5120-014	7/1/10-6/30/11	76,115	(76,115)	-	-	-	-	-	(76,115)	-	-	76,115
Extracurricular Aid	11-100-034-5120-473	7/1/09-6/30/10	48,425	(48,425)	-	-	-	-	-	-	-	-	48,425
Extracurricular Aid	10-100-034-5120-473	7/1/09-6/30/10	9,048	(9,048)	-	-	-	-	-	(9,048)	-	-	9,048
Non-Resident Transportation Reimb.	N/A	7/1/09-6/30/10	8,315	(8,315)	-	-	-	-	-	-	-	-	8,315
Non-Resident Transportation Reimb.	N/A	7/1/09-6/30/10	19,883	(19,883)	-	-	-	-	-	-	-	-	19,883
On Behalf TPAF - NCCI Premium	11-100-034-5095-007	7/1/10-6/30/11	422,307	(422,307)	-	-	-	-	-	-	-	-	422,307
On Behalf TPAF - Post Ret. Med.	11-100-034-5095-001	7/1/10-6/30/11	499,541	(499,541)	-	-	-	-	-	(499,541)	-	-	499,541
Reimbursed TPAF Social Security	11-100-034-5095-002	7/1/10-6/30/11	500,887	(49,823)	-	-	-	-	-	(50,005)	-	-	450,882
Reimbursed TPAF Social Security	10-100-034-5095-002	7/1/09-6/30/10	-	-	-	49,823	-	-	-	-	-	-	49,823
<b>Total General Fund</b>				<b>(12,345)</b>	<b>(1,053,501)</b>	<b>(1,056,524)</b>	<b>1,053,501</b>	<b>(1,056,524)</b>	<b>-</b>	<b>(125,168)</b>	<b>-</b>	<b>-</b>	<b>1,056,324</b>
<i>Special Revenue Fund</i>													
New Jersey Nonpublic Aid	11-100-034-5120-064	7/1/10-6/30/11	12,289	\$ -	\$ 190	12,789	(11,404)	\$ 190	\$ -	\$ -	\$ 1,385	\$ -	11,404
Textbook Aid	11-100-034-5120-064	7/1/09-6/30/10	12,204	-	-	-	-	-	-	-	-	-	12,204
Textbook Aid	09-100-034-5120-064	7/1/08-6/30/09	11,209	-	-	-	-	-	-	-	-	-	11,209
Nursing Services	11-100-034-5120-070	7/1/10-6/30/11	15,154	5,088	-	15,154	(13,966)	5,088	-	-	1,188	-	13,966
Nursing Services	10-100-034-5120-070	7/1/09-6/30/10	14,591	-	-	-	-	-	-	-	-	-	14,591
Auxiliary Services	09-100-034-5120-070	7/1/08-6/30/09	15,131	-	-	-	-	-	-	-	-	-	15,131
ESL	11-100-034-5120-067	7/1/10-6/30/11	3,842	-	-	3,842	(854)	16,638	-	-	2,988	-	854
ESL	10-100-034-5120-067	7/1/09-6/30/10	16,638	-	-	-	-	-	-	-	-	-	16,638
ESL	09-100-034-5120-067	7/1/08-6/30/09	4,060	-	-	-	-	-	-	-	-	-	4,060
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	82,053	2,111	-	83,063	(63,298)	2,111	-	-	18,755	-	63,298
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	47,801	-	-	-	-	-	-	-	-	-	47,801
Compensatory Education	09-100-034-5120-067	7/1/08-6/30/09	48,771	-	-	-	-	-	-	-	-	-	48,771
<i>Unassigned Services</i>													
Examination & Classification	11-100-034-5120-066	7/1/10-6/30/11	17,380	-	-	17,380	(12,760)	13,867	-	-	4,620	-	12,760
Examination & Classification	10-100-034-5120-066	7/1/09-6/30/10	30,704	-	-	-	-	-	-	-	-	-	30,704
Examination & Classification	09-100-034-5120-066	7/1/08-6/30/09	20,474	-	-	-	-	-	-	-	-	-	20,474
Supplemental Instruction	11-100-034-5120-066	7/1/10-6/30/11	12,646	3,903	-	12,646	(10,978)	3,903	-	-	1,668	-	10,978
Supplemental Instruction	10-100-034-5120-066	7/1/09-6/30/10	16,725	-	-	-	-	-	-	-	-	-	16,725
Supplemental Instruction	09-100-034-5120-066	7/1/08-6/30/09	14,868	-	-	-	-	-	-	-	-	-	14,868
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	13,443	6,278	-	13,143	(10,037)	6,278	-	-	3,106	-	10,037
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	18,473	-	-	-	-	-	-	-	-	-	18,473
Corrective Speech	09-100-034-5120-066	7/1/08-6/30/09	14,880	-	-	-	-	-	-	-	-	-	14,880
<b>Total Special Revenue Fund</b>				<b>(372)</b>	<b>48,095</b>	<b>157,007</b>	<b>(132,297)</b>	<b>48,095</b>	<b>-</b>	<b>(33,710)</b>	<b>-</b>	<b>-</b>	<b>121,297</b>
<i>Enterprise Fund</i>													
National School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	3,141	(372)	-	2,508	(3,141)	-	-	(653)	-	-	653
(State Share)	10-100-010-3350-023	7/1/09-6/30/10	3,816	-	-	372	-	-	-	-	-	-	3,141
<b>Total Enterprise Fund</b>				<b>(372)</b>	<b>-</b>	<b>2,880</b>	<b>(3,141)</b>	<b>-</b>	<b>-</b>	<b>(653)</b>	<b>-</b>	<b>-</b>	<b>653</b>
<i>Capital Projects Fund</i>													
School Development Authority	5200-600-10-1001	7/1/10-6/30/11	34,740	-	-	-	(13,997)	-	-	(34,740)	-	-	13,997
Facilities Grant	-	-	-	-	-	-	-	-	-	-	-	-	-
Cafeteria Floor Replacement at Washington Park School	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Projects Fund</b>													
<b>Total State Awards</b>				<b>(132,717)</b>	<b>\$ 48,095</b>	<b>\$ 1,213,388</b>	<b>(1,196,759)</b>	<b>\$ 48,095</b>	<b>\$ 20,743</b>	<b>(170,541)</b>	<b>\$ 33,710</b>	<b>\$ 94,426</b>	<b>\$ 1,196,759</b>
<b>State Financial Assistance Not Subject to Single Audit Determination</b>													
General Fund	11-100-034-5095-007	7/1/10-6/30/11	19,883	-	-	-	-	19,883	-	-	-	-	(19,883)
On Behalf TPAF - NCCI Premium	11-100-034-5095-001	7/1/10-6/30/11	422,307	-	-	-	-	422,307	-	-	-	-	(422,307)
On Behalf TPAF - Post Ret. Med.	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total State Financial Assistance Subject to Single Audit</b>				<b>(132,717)</b>	<b>\$ 48,095</b>	<b>\$ 1,213,388</b>	<b>(754,569)</b>	<b>\$ 48,095</b>	<b>\$ 20,743</b>	<b>(170,541)</b>	<b>\$ 33,710</b>	<b>\$ 94,426</b>	<b>\$ 754,569</b>

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

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$1,908 for the general fund and a decrease of \$5,346 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 20,595	\$ 1,054,416	\$ 1,075,011
Special Revenue Fund	309,427	117,951	427,378
Capital Projects Fund		13,997	13,997
Food Service Fund	<u>75,201</u>	<u>3,141</u>	<u>78,342</u>
Total Financial Assistance	<u>\$ 405,223</u>	<u>\$ 1,189,505</u>	<u>\$ 1,594,728</u>

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

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

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

**NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING**

The District's state loans outstanding at June 30, 2011, which are not required to be reported on the schedule of state financial assistance, are as follows:

<u>Loan Program</u>	<u>Total</u>
Safe Loan	\$ 3,959
Small Project	<u>21,562</u>
	<u>\$ 25,521</u>

**NOTE 6 OTHER INFORMATION**

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$499,641 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$19,883 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$422,307 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

**NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

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



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

*Part I – Summary of Auditor's Results*

**State Awards Section**

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

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

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

M) Internal Control over compliance:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?   yes  X  none

N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04?   yes  X  no

O) Identification of major programs:

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

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

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

THERE ARE NONE.

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

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

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

**CURRENT YEAR STATE AWARDS**

There are none.

**TOTOWA BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**STATUS OF PRIOR YEAR FINDINGS**

**Finding** – Year end cash balances on the reports of the Board Secretary and Treasurer of School Monies were not in agreement with reconciled cash balances as determined during the audit.

**Current Status** – Corrective action has been taken.