

**SCHOOL DISTRICT OF THE
BOROUGH OF WANAQUE
COUNTY OF PASSAIC, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

**BOARD OF EDUCATION
BOROUGH OF WANAQUE
STATE OF NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011**

**PREPARED BY
WANAQUE BOARD OF EDUCATION
FINANCE OFFICE**

**BOROUGH OF WANAQUE
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS

INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	1 - 7
Organizational Chart	8
Roster of Officials	9
Consultants and Advisors	10
 FINANCIAL SECTION	
Independent Auditor's Report	11 - 12
 Required Supplementary Information - Part I	
Management's Discussion and Analysis	13 - 22
 Basic Financial Statements	
A. District-wide Financial Statements:	
A-1 Statement of Net Assets	23
A-2 Statement of Activities	24
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds:	
B-4 Statement of Net Assets	28
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	29
B-6 Statement of Cash Flows	30
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	31
B-8 Statement of Changes in Fiduciary Net Assets	32
 Notes to the Basic Financial Statements	 33 - 54
 Required Supplementary Information - Part II	
C. Budgetary Comparison Schedule	
C-1 Budgetary Comparison Schedule - General Fund	55 - 58
C-2 Budgetary Comparison Schedule - Special Revenue Fund	59

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

Page

Note to Required Supplementary Information

C-3	Budget-to-GAAP Reconciliation	60
-----	-------------------------------------	----

Other Supplementary Information

D. School Based Budget Schedules (if applicable):

D-1	Combining Balance Sheet	N/A
D-2	Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3	Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A

E. Special Revenue Fund:

E-1	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	61
E-1a	Combining Schedule of Revenues and Expenditures - Budgetary Basis	62
E-1b	Combining Schedule of Revenues and Expenditures - Budgetary Basis	63
E-2	Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-3	Preschool Education Aid Schedule of Expenditures - Budgetary Basis	N/A
E-4	Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis	N/A
E-5	Instructional Supplemental Aid Schedule of Expenditures - Budgetary Basis	N/A

F. Capital Projects Fund:

F-1	Summary Schedule of Project Expenditures	64
F-1a	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status Budgetary Basis - Haskell Elementary Improvements & Building Systems Upgrading	65
F-1b	Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis - Wanaque Elementary Improvements & Building Systems Upgrading ...	66
F-2	Summary Schedule of Project Expenditures	67

G. Proprietary Funds:

Enterprise Fund:

G-1	Combining Statement of Net Assets - Food Services	68
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Food Services	69
G-3	Combining Statement of Cash Flows - Food Services	70

Internal Service Fund:

G-4	Combining Statement of Net Assets	N/A
G-5	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-6	Combining Statement of Cash Flows	N/A

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

Page

H. Fiduciary Funds:

H-1	Combining Statement of Fiduciary Net Assets	71
H-2	Combining Statement of Changes in Fiduciary Net Assets	72
H-3	Schedule of Receipts and Disbursements - Student Activity Agency Fund	73
H-4	Schedule of Receipts and Disbursements - Payroll Agency Fund	74

I. Long-Term Debt:

I-1	Statement of Loans Payable	75
I-2	Statement of Bonds Payable	76
I-3	Statement of Obligations under Capital Leases	77
I-4	Budgetary Comparison Schedule - Debt Service Fund	78

STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1	Net Assets by Component	79
J-2	Changes in Net Assets	80 - 81
J-3	Fund Balances - Governmental Funds	82
J-4	Changes in Fund Balances - Governmental Funds	83 - 84
J-5	General Fund - Other Local Revenue by Source	85

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	86
J-7	Direct and Overlapping Property Tax Rates	87
J-8	Principal Property Taxpayers	88
J-9	Property Tax Levies and Collections	89

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	90
J-11	Ratios of Net General Bonded Debt Outstanding	91
J-12	Direct and Overlapping Governmental Activities Debt	92
J-13	Legal Debt Margin Information	93

Demographic and Economic Information

J-14	Demographic and Economic Statistics	94
J-15	Principal Employers	95

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

Page

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	96
J-17	Operating Statistics	97
J-18	School Building Information	98
J-19	Schedule of Required Maintenance Expenditures by School Facility	99
J-20	Insurance Schedule	100

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	101 - 103
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 N.J. OMB Circular 04-04	104 - 106
K-3	Schedule of Expenditures of Federal Awards, Schedule A	107
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	108
K-5	Notes to Schedules of Awards and Financial Assistance	109 - 110
K-6	Schedule of Findings and Questioned Costs	111 - 115
K-7	Summary Schedule of Prior Year Audit Findings	116

INTRODUCTORY SECTION

WANAQUE PUBLIC SCHOOLS

LYNDA D'ANGIOLILLO, M.A.
DIRECTOR OF CURRICULUM,
INSTRUCTION, & PROFESSIONAL
DEVELOPMENT

RICHARD B. WEISENFELD, PH.D.
SUPERINTENDENT OF SCHOOLS

KYLE J. BLEEKER
BUSINESS ADMINISTRATOR/
BOARD SECRETARY

November 16, 2011

Mr. Robert Adams, President
Members of the Board of Education
Wanaque Public School District
973A Ringwood Avenue
Haskell, New Jersey 07420

Dear Mr. Adams and Members of the Board of Education:

The Comprehensive Annual Financial Report of the School District of the Borough of Wanaque ("District") for the fiscal year ended **June 30, 2011**, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. 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 positions and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: (1) Introductory; (2) Financial; (3) Statistical; and (4) 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 general purpose financial statements and schedules, as well as the auditor's report thereon. The **Statistical** section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1984 (as amended in 1996), the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the **Single Audit** section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in Statement No. 14. All funds and account groups of the District are included in this report. The Wanaque 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 pre-kindergarten through eight, including regular education as well as special education programs. The District completed the 2010/11 fiscal year with an enrollment of 938 students, which is 3 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Fiscal Year	Student Enrollment	Percent Change
2010/11	938	(0.32)%
2009/10	941	(0.95)%
2008/09	950	(2.0)%
2007/08	969	(2.6)%
2006/07	995	(1.5)%
2005/06	1,010	(2.3)%
2004/05	1,034	0.9%
2003/04	1,025	(1.4)%
2002/03	1,039	2.6%
2001/02	1,013	0.9%
2000/01	1,004	(1.1)%

2. ECONOMIC CONDITION AND OUTLOOK

Wanaque Borough is a rural/suburban residential community with its working population primarily employed by local businesses and other businesses in the surrounding area. The Borough's estimated population of 11,116 in 2010 has decreased by 1028 people (8.5%) over the prior year. Wanaque's estimated unemployment rate was, at 8.6%, higher than the prior year's unemployment rate but lower than the equivalent rate of 11.3% in the greater Passaic County area in 2010. The per capita personal income in Passaic County has decreased 3.2% (from \$41,756 in 2008 to \$40,436 in 2009).

Looking forward, several recent state-wide developments are expected to have a negative impact on the future growth of the Borough and the operations of the District:

- the passage of the state's Highlands Act has limited and is likely to continue to limit growth and development in Wanaque in the coming years;
- the passage of recent legislation by the State of New Jersey will continue to have a significant detrimental effect on the District's ability to manage its finances and to finance its operations;
- while the State has recently developed a consistent, long-range formula for the funding of education, its ability to fully fund these obligations remains in question.
- the State of New Jersey is currently considering strategies to reduce property taxes such as consolidation of school districts and the elimination of local districts in favor of a county wide system of school administration; it is unknown what impact, if any, these potential actions may have on the Wanaque Public School District.

Other factors suggest a more positive outlook, such as the creation of new housing and business developments throughout the community, which are either outside the scope of the Highlands Act or predate it.

3. MAJOR INITIATIVES

The District continues to work to move forward in providing our students with a better education, equipment and facilities.

The 2010-2011 school year was quite challenging as the District was forced to reduce programs in all areas as a result of a dramatic reduction in State aid to school districts and the defeat of the school budget. Important programs, like Reading Recovery, and school administration (assistant principal and two school secretarial positions) were eliminated; others were significantly reduced, like the media centers in each school, world language, after school assistance for struggling students, and extra-curricular activities, like chorus. These reductions had a significant impact on school operations as well as the ability to implement needed programming for students with learning needs, but did not qualify for special education.

Our schools are now focusing on aligning curriculum to the Common Core State Curriculum Standards and the District has identified areas in which our students need to achieve at higher levels in order to meet or exceed grade level standards. This goal was made more difficult by the elimination of the assistant principal position, which freed time for the Haskell School principal, who also serves as the District's curriculum director, to concentrate on that area of responsibility. The schools were still able to provide enriched learning environments supported by technology, which were interwoven into the curriculum. These new learning environments provide opportunities to find and utilize information and resources while applying academic skills. This initiative works to prepare students to live, learn, and work in a knowledge-based technical society. Schools focus on digital age literacy, inventive thinking, effective communication, and high productivity. Teachers explore with their students the vast worlds of ideas and information.

The District continues to move forward in improving articulation between our curriculum and those of the Ringwood and Lakeland Regional High School districts. Toward this end, the District's Director of Curriculum, Instruction and Professional Development has been working closely with our professional staff, as well as with the other districts, to develop curriculum and train staff to ensure our children are well-prepared for high school.

With the installation of internet-connected, electronic SmartBoards in virtually every classroom in both schools in 2008/09, our teaching staff has worked diligently and enthusiastically to incorporate this exciting technology into their daily lessons. The result has been a tremendous increase in student interaction and involvement in the classroom activities. These efforts to take advantage of all the functionality the SmartBoards provide are ongoing as the staff continues to share their successes with each other and find new ways to utilize this powerful tool.

In 2008/09, the district created a new class for students with behavioral disabilities, serving a need within district. This followed the creation earlier in the year of a program serving preschool autistic children, which complemented an existing class for primary-age students with autism. These classes, geared toward students with special needs, continued to enable the district to provide a comprehensive program for such students to ensure they get the appropriate instruction over the course of their elementary school careers. By creating these classes, the District was able to provide an appropriate educational program for students who would otherwise have to be

sent out of district. By staying in-district, transportation time is minimized and the students are in an environment and facilities better suited to their unique needs that is located in their home community.

In 2007/08, the District developed a strategic plan, consisting of a mission statement and goals for the District for the ensuing five years as well as strategies for attaining those goals. The strategic plan was developed by a team of community members, Board members and district staff.

In 2007/08, the District implemented a new computerized data system which has the ability to maintain student attendance records, demographic information and standardized test results, and to report student academic grades, while coordinating with the State's New Jersey SMART database. In addition, all staff members are utilizing e-mail, which provides users with the ability to communicate and share information effectively. Continuing with the focus on communication, a significant emphasis has been placed on the use of the District website. The site has been constructed to notify the community of District events and to provide emergency announcements and newsletters from the Superintendent, Principals, and Board Members. The website also allows parents/guardians to communicate with District administrators and teachers and check on student homework assignments. Members of the community can also link to the homepages of the individual schools, the PTAs, and to the high school.

Our schools continue to work toward a more inclusive model for the education of students with disabilities. The goal is to educate every appropriate disabled student with non-disabled students and to increase the expectations for students with disabilities. Our objective is to prepare these students to be as independent as possible and to have experiences similar to the non-disabled child. Professional development for our staff continued throughout the 2010/11 school year in this area.

The District provides funding for cultural and performing arts, so that students can be exposed to experience and knowledge of the arts. Activities will include field trips, visiting groups, and classes in the arts. The District's extracurricular vocal music program, designed to broaden students' exposure to that aspect of the arts, was eliminated for 2010/11 due to budget reductions. The arts curriculum meets the criteria of New Jersey Standards for the arts.

In January 2006, Wanaque voters approved an \$18.3 million referendum which is providing tremendous improvements in the learning environment at both schools, as the renovations work is essentially complete. Both schools have received new windows and doors, air conditioning and other upgrades to the HVAC systems, new security systems, upgrades to plumbing and electrical systems as well as extensive roof repairs and parking lot renovations. Bathroom facilities have been upgraded to bring the district into compliance with provisions of the Americans with Disabilities Act. New technology upgrades have provided a SmartBoard in virtually every classroom, as discussed above.

4. INTERNAL ACCOUNTING CONTROLS

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

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

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

5. BUDGETARY CONTROLS

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

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

6. ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by GASB. The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in Note 1, "Notes to the Financial Statements".

Effective July 1, 2008, the District engaged Systems 3000, an integrated management information system designed for New Jersey school districts, to provide its financial accounting, reporting and personnel systems.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund, capital projects and debt service fund revenues for the fiscal years ended June 30, 2011 and 2010:

Revenue					
Source	2010/11	%	2009/10	%	% Inc/(Dec)
Local	\$12,493,111	77.7%	\$ 11,573,655	75.4%	7.9%
State	3,212,384	20.0%	3,437,720	22.3%	(7.0)%
Federal	377,741	2.3%	353,563	2.3%	6.8%
Total	\$16,083,236	100.0%	\$ 15,364,938	100.0%	4.7%

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal years ended June 30, 2011 and 2010:

Expenditure					% Inc/(Dec)
Type	2010/11	%	2009/10	%	
General funds	\$14,807,486	88.53%	\$ 15,134,868	87.43%	(10.2)%
Capital outlay	45,791	.27%	45,395	.28%	.75%
Capital projects	8,225	.05%	97,607	.56%	(28.8)%
Special revenue	525,153	3.14%	709,303	4.09%	(26.2)%
Debt service	1,340,203	8.01%	1,323,572	7.64%	1.2%
Total	\$16,726,858	100.0%	\$ 17,310,745	100.0%	(11.3)%

8. CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to

protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT

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

10. OTHER INFORMATION

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva, P.A. was selected by the Board. In addition to meeting the requirements of the Single Audit Act of 1984 (as amended in 1996), and the related OMB Circular A-133 and New Jersey OMB Circular 04-04, the auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports specifically related to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Wanaque Board of Education 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 operations. The preparation of this report could not have been accomplished without the efficient and dedicated services of our administrative, financial and secretarial staff.

Respectfully submitted,

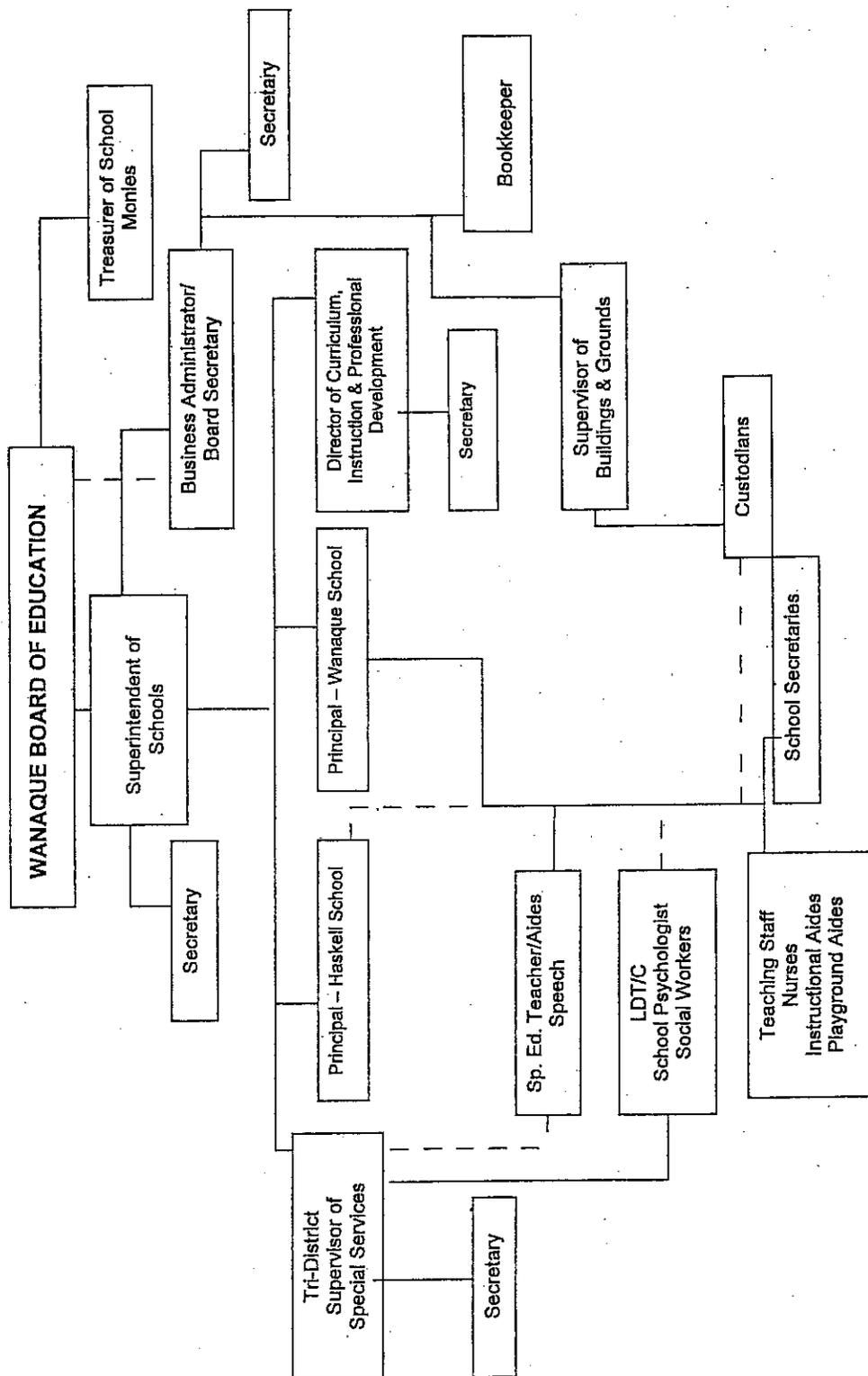


Richard Weisenfeld, Ph.D.
Superintendent of Schools



Kyle J. Bleeker
Business Administrator/
Board Secretary

WANAQUE BOARD OF EDUCATION Organizational Chart



**WANAQUE BOARD OF EDUCATION
WANAQUE, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Adams, President	2013
Jack Crilly, Vice President	2012
Yvette Agnic	2012
Robert Barnhardt	2012
Barry Hain	2014
Scott Marks	2013
Tom Paster	2013
Daniel Sinclair	2012
Charles Strobel	2014

**Superintendent of Schools
Dr. Richard Weisenfeld**

**Interim Business Administrator/Board Secretary (to November 1, 2010)
Mark Resnick**

**Business Administrator/Board Secretary (from November 1, 2010)
Barbara Gigante**

**Treasurer of School Moneys (to August 1, 2010)
Maryann Brindisi**

**Treasurer of School Moneys (from August 1, 2010)
Dr. Richard Weisenfeld**

WANAQUE BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
100B Main Street
Newton, New Jersey 07860

Board Attorney

Lindabury, McCormick & Estabrook
53 Cardinal Drive
P. O. Box 2369
Westfield, New Jersey 07091-2369

Labor Negotiators

Lindabury, McCormick & Estabrook
53 Cardinal Drive
P. O. Box 2369
Westfield, New Jersey 07091-2369

Official Depository

Lakeland Bank
Ringwood Avenue
Wanaque, New Jersey 07465

and

State of New Jersey Cash Management Fund
% Citi Fund Services
P. O. Box 182218
Columbus, OH 43218-2218

FINANCIAL SECTION

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

Mr. Robert Adams, President and
Members of the Board of Education
Wanaque Borough School District
County of Passaic, New Jersey 07420

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Wanaque School District, in the County of Passaic, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Wanaque 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 and 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2011 on our consideration of the Borough of Wanaque 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.



Honorable President and
Members of the Board of Education
Page 2.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 13 through 22 and 55 through 59 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Wanaque Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of 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 respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Thomas M. Ferry, C.P.A.
Licensed Public School Accountant
No. 20CS00209100

Ferraioli, Wielkutz, Cerullo, + Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

November 16, 2011



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

SCHOOL DISTRICT OF THE BOROUGH OF WANAQUE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(UNAUDITED)

This discussion and analysis of the financial performance of the Wanaque Public School District ("District") provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis ("MD&A") is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's ("GASB") Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Using this Comprehensive Annual Financial Report ("CAFR")

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole. The statements then provide an increasingly detailed look at specific financial activities. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting the District as a Whole

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting an aggregate view of the District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of the District, the General Fund is by far the most significant fund.

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010/11?" The Statement of Net Assets and the Statement of Activities help answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, condition of facilities, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the District's operations are divided into two distinct kinds of activities:

- ◆ Governmental activities – all of the District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – this service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise funds are reported as a business activity.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. Although the District uses many funds to account for a multitude of financial transactions, these financial statements focus on the District's most significant funds. These funds include the General Fund, Special Revenue Fund and Debt Service Fund.

Governmental Funds

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

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Financial Highlights

Key financial highlights for 2010/11 are as follows:

- ◆ General fund revenues accounted for \$15,258,597 in revenue or 91.28% of all revenues. Program specific revenues in the form of operating grants, debt service levies and interest income on invested funds accounted for \$1,457,881 or 8.72% of total revenues of \$16,716,478.
- ◆ The District had \$17,073,844 in expenses related to Governmental Activities and Business-Type Activities; only \$830,006 of these expenses were offset by charges for services, grants or contributions. General revenues, comprised primarily of property taxes and federal and state aid in the amounts of \$12,283,963 and \$3,633,243, respectively, were adequate to provide for these programs.
- ◆ Among governmental funds, the General Fund had \$15,258,597 in revenues and \$14,863,535 in expenditures. As a result, the General Fund's balance increased \$395,062 over 2010.
- ◆ In the year ended June 30, 2011, the District had spent or had committed to spend \$8,225 for renovations at both schools, pursuant to the January 24, 2006 referendum.
- ◆ In the year ended June 30, 2011, the District made scheduled principal and interest payments of \$1,340,203 on the debt issued pursuant to the January 24, 2006 referendum.

The District as a Whole

Recall that the Statement of Net Assets provides a perspective of the District as a whole. The following provides a summary of the District's net assets as of June 30, 2011, as compared to the prior year.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Assets		
Current and other assets	\$ 1,811,550	\$ 1,787,685
Capital assets, net	<u>17,713,955</u>	<u>18,164,702</u>
Total assets	<u>\$19,525,505</u>	<u>\$19,952,387</u>
Liabilities		
Long-term liabilities	\$16,947,825	\$17,333,852
Other liabilities	<u>487,103</u>	<u>444,406</u>
Total liabilities	<u>\$17,434,928</u>	<u>\$17,778,258</u>
Net assets		
Invested in capital assets, net of debt	\$ 1,202,293	\$ 1,032,419
Restricted	1,368,088	1,389,902
Unrestricted	<u>(479,804)</u>	<u>(248,192)</u>
Total net assets	<u>\$ 2,090,577</u>	<u>\$ 2,174,129</u>

The following shows the changes in net assets in the fiscal years ended June 30, 2011 and 2010, respectively.

Changes in Net Assets

	Year ended June 30,	
	2011	2010
Revenues		
Program revenues		
Charges for services	\$ 162,156	\$ 168,632
Operating grants and contributions	667,850	783,065
General revenues:		
Property taxes	12,283,963	11,642,356
Grants and entitlements	3,633,243	4,272,855
Other	243,081	281,168
Total revenues	16,990,293	17,148,076
 Program Expenses		
Instruction	9,892,608	9,812,757
Support services:		
Student and instruction related services	2,464,421	2,551,863
Administration, business and other support services	1,477,954	1,733,245
Operations and maintenance of facilities	1,625,032	1,534,504
Pupil transportation	605,773	510,442
Interest on debt	741,320	766,759
Food service	256,478	265,408
Charter School	10,258	11,576
Total expenses	17,073,844	17,186,554
 (Decrease) Increase in net assets	\$ (83,551)	\$ (38,478)

Governmental Activities

The unique nature of property taxes and school funding in New Jersey creates the need to routinely seek voter approval for District operations. Property taxes made up 73.48% percent of revenues for governmental activities for the District for the fiscal year ended June 30, 2011. Federal, state and local grants accounted for another 25.02%, while the balance came from interest and other sources. The District's total revenues were \$16,716,478 for the fiscal year ended June 30, 2011.

Exhibit A-2, "Statement of Activities", shows the cost of program services and the charges for services and grants offsetting those services, which are summarized below. The net cost reflects the net financial burden that was placed on the District's taxpayers for each of these functions.

	Total cost of services, Year ended June 30,		Net cost of services, Year ended June 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction	\$ 9,892,608	\$ 9,812,757	\$ 9,427,163	\$ 9,222,944
Support services:				
Student and instruction related services	2,464,421	2,551,863	2,373,675	2,468,870
Administration, business and other support services	1,477,954	1,733,245	1,477,954	1,733,245
Operation and maintenance of facilities	1,625,032	1,534,504	1,625,032	1,534,505
Pupil transportation	605,773	510,442	605,773	510,442
Other	741,320	766,759	741,320	766,759
Charter School	<u>10,258</u>	<u>11,576</u>	<u>10,258</u>	<u>11,576</u>
 Total expenses	 <u>\$16,817,366</u>	 <u>\$16,921,146</u>	 <u>\$16,261,175</u>	 <u>\$16,248,341</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

Administrative, business and other support services include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as provided by state law.

Business-Type Activities

Revenues for the District's Food Service Program were comprised of charges for services and federal and state reimbursements.

- ◆ In the fiscal year ended June 30, 2011, food service revenues exceeded expenses by \$17,336. In the fiscal year ended June 30, 2010, revenues exceeded expenses by \$13,703.
- ◆ Charges for services represented \$162,156 of revenue in the year ended June 30, 2011, compared to \$168,632 in the prior fiscal year. This represents amounts paid by patrons for daily food services.
- ◆ Federal and state reimbursement for meals, including payments for free and reduced lunches and donated commodities, was \$111,659 and \$110,259 in the fiscal years ended June 30, 2011 and 2010, respectively.

The District's Funds

The District's funds are accounted for using a modified accrual basis of accounting. All governmental funds (i.e., general, special revenue and debt service funds presented in the fund-based statements) had total revenues of \$16,716,478 and expenditures of \$16,768,154 for the fiscal year ended June 30, 2011.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of governmental funds for the fiscal years ended June 30, 2011 and 2010, respectively:

	Year ended June 30, 2011		Year ended June 30, 2010	
	Amount	% of total	Amount	% of total
Local sources	\$12,534,543	75.0%	\$11,927,653	70.7%
State sources	3,710,532	22.2%	4,018,093	23.8%
Federal sources	<u>471,403</u>	<u>2.8%</u>	<u>923,220</u>	<u>5.5%</u>
Total revenues	<u>\$16,716,478</u>	<u>100.0%</u>	<u>16,868,966</u>	<u>100.0%</u>

The following schedule presents a summary of the expenditures of governmental funds for the fiscal years ended June 30, 2011 and 2010, respectively:

	Year ended June 30, 2011		Year ended June 30, 2010	
	Amount	% of total	Amount	% of total
Instruction	\$ 7,101,863	42.4%	\$ 7,582,807	43.9%
Support services	8,272,073	49.3%	8,236,442	47.6%
Capital outlay	54,016	0.3%	143,003	0.8%
Debt service:				
Principal	592,593	3.5%	550,900	3.2%
Interest	<u>747,609</u>	<u>4.5%</u>	<u>772,673</u>	<u>4.5%</u>
Total expenses	<u>\$16,768,154</u>	<u>100.0%</u>	<u>\$17,285,825</u>	<u>100.0%</u>

General Fund Budgeting Highlights

The District’s budget is prepared according to New Jersey law, and is accounted for using a modified accrual basis and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year, the District amended its General Fund budget as needed. The District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for financial management.

Capital Assets

At the end of the fiscal year, the District had \$25,921,560 invested in land, buildings, furniture and equipment, and vehicles. The following shows capital asset balances, net of accumulated depreciation, as of June 30, 2011 and 2010, respectively:

	Capital Assets at June 30,	
	2011	2010
Construction in process	\$17,337,192	\$17,328,966
Buildings and improvements	61,553	467,654
Machinery and equipment	<u>315,210</u>	<u>368,082</u>
Totals	<u>\$17,713,955</u>	<u>\$18,164,702</u>

Overall, the balance of capital assets, net of accumulated depreciation, decreased \$386,838 as of June 30, 2011 relative to June 30, 2010, primarily as a result of commitments entered into prior to June 30, 2010 for capital projects to be performed in the subsequent fiscal year. Increases in capital assets were offset by depreciation expense charged against all productive assets.

Debt Administration

As of June 30, 2011 and 2010, the District had an outstanding debt balance of \$168,973 and \$221,566, respectively, from the August 18, 1993 issuance of general obligation bonds. In addition, pursuant to the January 24, 2006 referendum, the District issued general obligation bonds on June 1, 2006 that have an outstanding debt balance of \$16,301,000 as of June 30, 2011.

Other long-term debt includes liabilities for compensated absences of \$431,163 and \$201,570 as of June 30, 2011 and 2010, respectively and lease obligations totaling \$41,688 and \$69,716 as of June 30, 2011 and 2010, respectively.

For the Future

The Wanaque Public School District is presently in good financial condition. Going forward, however, there are significant concerns:

- Enrollment in special education programs continues to grow, as do the costs associated with these programs, including transportation;
- The District's operations are funded primarily by local property taxes, which means that, as Wanaque is primarily a residential community with few business ratables, the property tax burden is placed primarily on homeowners;
- While the State has recently developed a consistent, long-range formula for the funding of education, its ability to fully fund these obligations remains in question;
- The passage of the state's Highlands Bill has limited and is likely to continue to limit growth and development in Wanaque in the coming years;
- The passage of certain legislation by the State of New Jersey will have continue to have a significant detrimental effect on the District's ability to manage its finances and to finance its operations;
- The State of New Jersey is currently considering strategies to reduce property taxes such as consolidation of school districts and the elimination of local districts in favor of a county-wide system of school administration; it is unknown what impact, if any, these potential actions may have on the Wanaque Public School District.

On a historical basis, the District's budget has been successfully passed by the voters about half the time, including five of the last six years. In addition, a referendum to approve extensive repairs at both schools was approved by the voters in January 2006.

The Wanaque Public School District has committed itself to financial and educational excellence. The District's system for financial planning, budgeting, and internal financial controls are well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Administrator/Board Secretary at the Wanaque Board of Education, 973A Ringwood Avenue, Haskell, New Jersey 07420.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	1,148,703.28	68,814.66	1,217,517.94
Receivables, net	365,651.91	7,620.80	373,272.71
Inventory		2,420.47	2,420.47
Restricted assets:			
Capital reserve account - cash	3,839.46		3,839.46
Maintenance reserve account - cash	214,500.00		214,500.00
Capital assets:			
Construction in Progress	17,337,191.71		17,337,191.71
Other capital assets, net	317,071.91	59,690.98	376,762.89
Total Assets	<u>19,386,958.27</u>	<u>138,546.91</u>	<u>19,525,505.18</u>
LIABILITIES			
Accounts payable	210,544.01	20,708.19	231,252.20
Contracts payable	47,217.82		47,217.82
Accrued Interest Payable	164,614.76		164,614.76
Payable to state government	46,918.62		46,918.62
Deferred revenue	2,100.00		2,100.00
Noncurrent liabilities:			
Due within one year	652,518.40		652,518.40
Due beyond one year	16,290,306.11		16,290,306.11
Total liabilities	<u>17,414,219.72</u>	<u>20,708.19</u>	<u>17,434,927.91</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,142,602.01	59,690.98	1,202,292.99
Restricted for:			
Debt service	5,376.43		5,376.43
Capital projects	219,989.29		219,989.29
Capital reserves	3,839.46		3,839.46
Maintenance reserves	214,500.00		214,500.00
Other purposes	924,382.71		924,382.71
Unrestricted	(537,951.35)	58,147.74	(479,803.61)
Total net assets	<u>1,972,738.55</u>	<u>117,838.72</u>	<u>2,090,577.27</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	4,965,120.01	1,941,347.35		465,444.79	(6,441,022.57)	-	(6,441,022.57)
Special education	1,873,288.38	745,656.02			(2,618,944.40)	-	(2,618,944.40)
Other special instruction	110,021.37	43,149.66			(153,171.03)	-	(153,171.03)
Other instruction	153,433.11	60,592.21			(214,025.32)	-	(214,025.32)
Support services:							
Tuition	793,360.41	-			(793,360.41)	-	(793,360.41)
Student & instruction related services	1,312,907.69	358,153.09		90,746.41	(1,580,314.37)	-	(1,580,314.37)
General administrative services	369,073.27	108,864.80			(477,938.07)	-	(477,938.07)
School administrative service	320,148.68	157,773.36			(477,922.04)	-	(477,922.04)
Central Services and Admin. Infor. Tech.	446,074.61	76,018.70			(522,093.31)	-	(522,093.31)
Plant operations and maintenance	1,218,935.60	406,096.33			(1,625,031.93)	-	(1,625,031.93)
Pupil transportation	605,773.31	-			(605,773.31)	-	(605,773.31)
Charter School	10,258.00	-			(10,258.00)	-	(10,258.00)
Interest on long-term debt	741,319.60	-			(741,319.60)	-	(741,319.60)
Total governmental activities	12,919,714.04	3,897,651.52	-	556,191.20	(16,261,174.36)	-	(16,261,174.36)
Business-type activities:							
Food Service	256,478.43		162,155.58	111,659.08	-	17,336.23	17,336.23
Total business-type activities	256,478.43		162,155.58	111,659.08	-	17,336.23	17,336.23
Total primary government	13,176,192.47		162,155.58	667,850.28	(16,261,174.36)	17,336.23	(16,243,838.13)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					11,820,965.00		11,820,965.00
Taxes levied for debt service					462,998.00		462,998.00
Federal and State aid not restricted					3,633,243.45		3,633,243.45
Tuition Received					204,950.43		204,950.43
Miscellaneous Income					38,129.98		38,129.98
Total general revenues, special items, extraordinary items and transfers					16,160,286.86		16,160,286.86
Change in Net Assets					(100,887.50)		(83,551.27)
Net Assets—beginning					2,073,626.05		2,174,128.54
Net Assets—ending					1,972,738.55		2,090,577.27

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

FUND FINANCIAL STATEMENTS

WANAQUE BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	861,144.04	(125,903.01)	408,085.82	5,376.43	1,148,703.28
Due from other funds	141,059.71				141,059.71
Receivables from other governments	104,888.15	187,503.10			292,391.25
Other Receivable	73,079.66				73,079.66
Other - Tax Levy			181.00		181.00
Restricted cash and cash equivalents	218,339.46				218,339.46
Total assets	<u>1,398,511.02</u>	<u>61,600.09</u>	<u>408,266.82</u>	<u>5,376.43</u>	<u>1,873,754.36</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	197,962.54	12,581.47			210,544.01
Contracts payable			47,217.82		47,217.82
Due to other funds			141,059.71		141,059.71
Payable to state government		46,918.62			46,918.62
Deferred revenue		2,100.00			2,100.00
Total liabilities	<u>197,962.54</u>	<u>61,600.09</u>	<u>188,277.53</u>	<u>-</u>	<u>447,840.16</u>
Fund Balances:					
Committed to:					
Other Purposes	363,924.23				363,924.23
Assigned to:					
Designated by the Board of Education for Subsequent Year's Expenditures	33,619.04				33,619.04
Debt Service Fund				5,376.43	5,376.43
Capital Projects Fund			219,989.29		219,989.29
Restricted for:					
Excess Surplus	226,067.48				226,067.48
Excess Surplus Designated for Subsequent Year's Expenditures	300,771.96				300,771.96
Capital Reserve Account	3,839.46				3,839.46
Maintenance Reserve Account	214,500.00				214,500.00
Unassigned:					
General fund	57,826.31				57,826.31
Total fund balances	<u>1,200,548.48</u>	<u>-</u>	<u>219,989.29</u>	<u>5,376.43</u>	<u>1,425,914.20</u>
Total liabilities and fund balances	<u>1,398,511.02</u>	<u>61,600.09</u>	<u>408,266.82</u>	<u>5,376.43</u>	

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

Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.

(164,614.76)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$25,811,754.98 and the accumulated depreciation is \$8,157,491.36.

17,654,263.62

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

(16,942,824.51)

Net assets of governmental activities

\$ 1,972,738.55

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

WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
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>
REVENUES					
Local sources:					
Local tax levy	11,820,965.00			462,998.00	12,283,963.00
Tuition - Other	204,950.43				204,950.43
Local Grants		7,500.00			7,500.00
Unrestricted Miscellaneous Revenues	38,129.98				38,129.98
Total - Local Sources	<u>12,064,045.41</u>	<u>7,500.00</u>	-	<u>462,998.00</u>	<u>12,534,543.41</u>
State sources	3,194,551.45	77,288.38		438,692.00	3,710,531.83
Federal sources	-	471,402.82			471,402.82
Total revenues	<u>15,258,596.86</u>	<u>556,191.20</u>	-	<u>901,690.00</u>	<u>16,716,478.06</u>
EXPENDITURES					
Current:					
Regular instruction	4,499,675.22	465,444.79			4,965,120.01
Special education instruction	1,873,288.38				1,873,288.38
Other special instruction	110,021.37				110,021.37
Other instruction	153,433.11				153,433.11
Support services and undistributed costs:					
Tuition	793,360.41				793,360.41
Student & instruction related services	1,241,880.56	90,746.41			1,332,626.97
General administrative services	377,381.62				377,381.62
School administrative services	320,148.68				320,148.68
Central Services and administrative Info. Tech.	446,074.61				446,074.61
Plant operations and maintenance	1,218,935.60				1,218,935.60
Pupil transportation	605,773.31				605,773.31
Unallocated employee benefits	3,167,513.12				3,167,513.12
Charter School	10,258.00				10,258.00
Debt Service:					
Principal				592,593.20	592,593.20
Interest and other charges				747,609.45	747,609.45
Capital outlay	45,791.09		8,225.20		54,016.29
Total expenditures	<u>14,863,535.08</u>	<u>556,191.20</u>	<u>8,225.20</u>	<u>1,340,202.65</u>	<u>16,768,154.13</u>
Excess (Deficiency) of revenues over expenditures	<u>395,061.78</u>	<u>-</u>	<u>(8,225.20)</u>	<u>(438,512.65)</u>	<u>(51,676.07)</u>
Net change in fund balances	395,061.78	-	(8,225.20)	(438,512.65)	(51,676.07)
Fund balance—July 1	805,486.70		228,214.49	443,889.08	1,477,590.27
Fund balance—June 30	<u>1,200,548.48</u>	<u>-</u>	<u>219,989.29</u>	<u>5,376.43</u>	<u>1,425,914.20</u>

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

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

Total net change in fund balances - governmental funds (from B-2)	(51,676.07)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
<p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>	
Depreciation expense	\$ (500,545.50)
Capital outlay	<u>54,016.29</u>
	(446,529.21)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when paid amount exceeds the earned amount the the difference is an addition to the reconciliation (+).</p>	
(Increase)/Decrease in Compensated Absences Payable	(229,592.90)
<p>Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>	
In the current year, these amounts consist of:	
Principal Payments on Capital Leases	28,027.63
Principal Payments on loan Payables	592,593.20
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is a increase in the reconciliation.</p>	
	<u>6,289.85</u>
Change in net assets of governmental activities	<u>(100,887.50)</u>

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

**WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	68,814.66
Intergovernmental receivables:	
State Aid	316.75
Federal Aid	7,304.05
Inventories	2,420.47
Total current assets	78,855.93
FIXED ASSETS:	
Furniture, machinery & equipment	109,804.98
Less accumulated depreciation	(50,114.00)
Total fixed assets	59,690.98
TOTAL ASSETS	138,546.91
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts payable	20,708.19
TOTAL CURRENT LIABILITIES	20,708.19
NET ASSETS	
Invested in capital assets net of	
Related debt	59,690.98
Unrestricted	58,147.74
TOTAL NET ASSETS	117,838.72
TOTAL LIABILITIES AND NET ASSETS	138,546.91

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

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

	Business-type Activities - Enterprise Fund
	Food Service
Operating revenues:	
Charges for services:	
Daily sales - reimbursable programs	161,135.28
Daily sales - non-reimbursable programs	1,020.30
Total operating revenues	162,155.58
Operating expenses:	
Cost of sales	110,333.54
Salaries	87,951.13
Employee benefits	25,045.63
Management Fees	8,967.77
General supplies	11,718.36
Depreciation	4,218.00
Repairs	633.50
Miscellaneous	7,610.50
Total operating expenses	256,478.43
Operating loss	(94,322.85)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	3,457.56
Federal sources:	
National school lunch program	87,705.14
National school breakfast program	1,675.98
Special milk program	294.13
Food distribution program	18,526.27
Total nonoperating revenues	111,659.08
Net income (loss) before operating transfers	17,336.23
Change in net assets	17,336.23
Total net assets—beginning	100,502.49
Total net assets—ending	117,838.72

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

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

	Business-type Activities - Enterprise Funds
	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	161,955.75
Payments to employees	(87,951.13)
Payments to suppliers	(141,581.43)
Net cash used for operating activities	(67,576.81)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Sources	3,457.56
Federal Sources	89,675.25
Net cash provided by non-capital financing activities	93,132.81
Net increase (decrease) in cash and cash equivalents	25,556.00
Balances—beginning of year	43,258.66
Balances—end of year	68,814.66
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(94,322.85)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	4,218.00
Food distribution program	18,526.27
(Increase)/ decrease in accounts receivable, net	(199.83)
(Increase) / decrease in inventories	1,099.24
Increase /(decrease) in accounts payable	3,102.36
Total adjustments	26,746.04
Net cash used for operating activities	(67,576.81)
Noncash Noncapital Financing Activities:	
During the year, the district received \$18,526.27 of food commodities from the U.S. Department of Agriculture.	

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

**WANAQUE BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

	Unemployment Compensation Trust	Agency Funds
ASSETS		
Cash and cash equivalents	13,073.88	60,948.33
Interfund Receivable (Agency)	3,173.97	
Total assets	16,247.85	60,948.33
LIABILITIES		
Payable to student groups		37,694.07
Payroll deductions and withholdings		14,119.87
Accrued Salaries and Wages		5,960.42
Interfund Payable (Unemployment)		3,173.97
Total liabilities	-	60,948.33
NET ASSETS		
Held in trust for unemployment claims and other purposes	16,247.85	

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

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

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Board Contributions	57,620.51
Plan member	11,865.62
Total Contributions	69,486.13
Investment earnings:	
Interest	1.10
Net investment earnings	1.10
Total additions	69,487.23
DEDUCTIONS	
Unemployment claims	57,691.56
Total deductions	57,691.56
Change in net assets	11,795.67
Net assets—beginning of the year	4,452.18
Net assets—end of the year	16,247.85

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

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education (“Board”) of the Borough of Wanaque School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Wanaque School District is a Type II district located in the County of Passaic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. 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 primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization’s board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the Borough of Wanaque School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Board also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the board’s accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments* (Statement No. 34). This Statement provides for the most significant change in financial reporting in over twenty years. The Board was required to implement this new model in the 2003-2004 school year. In addition, the School District has implemented GASB Statement No. 37, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

The Board's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Financial Statements

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

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

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

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

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net assets and changes in net assets. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include the Unemployment Compensation Insurance Fund, Student Activities Fund and Payroll Agency Fund.

B. Measurement Focus

District-wide Financial Statements

The District-wide statements (i.e., the statement of net assets and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net assets, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

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

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

E. Encumbrances

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

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Encumbrances (continued)

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

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

F. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

G. Tuition Revenues/Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

H. Tuition Payable

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Inventories

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Short-Term Interfund Receivables/Payables

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

L. Capital Assets

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net assets and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Capital Assets (continued)

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Building and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

M. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

N. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

O. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Accrued Liabilities and Long-term Obligations (continued)

financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

P. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

S. Contributed Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

U. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensating absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

V. Use of Estimates

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

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 District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2011, \$-0- of the District's bank balance of \$2,150,905.51 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District 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. However, New Jersey Statutes 18A:20-37 limits the length of time for most investment to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statues. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The district places no limit on the amount the District may invest in any one issuer.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 4. RECEIVABLES

Receivables at June 30, 2011 consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>District Wide Financial Statements</u>
Tax Levy	181.00	-	181.00
State Aid	109,888.15	316.75	110,204.90
Federal Aid	182,503.10	7,304.05	189,807.15
Other	73,079.66	-	73,079.66
Interfunds	<u>141,059.71</u>	<u>-</u>	<u>-</u>
Gross Receivables	<u>506,711.62</u>	<u>7,620.80</u>	<u>373,272.71</u>
Less Allowance for Uncollectables	<u>-</u>	<u>-</u>	<u>-</u>
Total Receivables Net	<u>501,711.62</u>	<u>7,620.80</u>	<u>368,272.71</u>

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2011 consist of the following:

Due from Agency to Expendable Trust Fund for the 4th quarter SUI Money received in Agency account.	\$ 3,173.97
Due to General Fund from the Capital Projects Fund for expenditures made.	<u>141,059.71</u>
	<u>\$144,233.68</u>

It is anticipated that all interfunds will be liquidated within the fiscal year.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 6. CAPITAL ASSETS

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

	Balance 6/30/10	Additions	Deductions	Balance 6/30/11
Governmental Activities:				
Capital Assets Not Being Depreciated				
Construction in Progress	<u>17,328,966.51</u>	<u>8,225.20</u>	<u>0.00</u>	<u>17,337,191.71</u>
Total Capital Assets Not Being Depreciated	<u>17,328,966.51</u>	<u>8,225.20</u>	<u>0.00</u>	<u>17,337,191.71</u>
Capital Assets Being Depreciated				
Building and Building Improvements	5,426,181.00	45,791.09	0.00	5,471,972.09
Machinery and Equipment	<u>3,002,591.18</u>	<u>0.00</u>	<u>0.00</u>	<u>3,002,591.18</u>
Total Capital Assets Being Depreciated, Net	<u>8,428,772.18</u>	<u>45,791.09</u>	<u>0.00</u>	<u>8,474,563.27</u>
Less Accumulated Depreciation:				
Building and Improvements	(5,022,436.30)	(447,673.84)	0.00	(5,470,110.14)
Equipment	<u>(2,634,509.56)</u>	<u>(52,871.66)</u>	<u>0.00</u>	<u>(2,687,381.22)</u>
Total Accumulated Depreciation	<u>(7,656,945.86)</u>	<u>(500,545.50)</u>	<u>0.00</u>	<u>(8,157,491.36)</u>
Total Capital Assets, Being Depreciated, Net	<u>771,826.32</u>	<u>(454,754.41)</u>	<u>0.00</u>	<u>317,071.91</u>
Governmental Activities, Capital Assets, Net	<u>18,100,792.83</u>	<u>(446,529.21)</u>	<u>0.00</u>	<u>17,654,263.62</u>
Business-Type Activity				
Food Services	<u>109,804.98</u>	<u>0.00</u>	<u>0.00</u>	<u>109,804.98</u>
Totals	<u>109,804.98</u>	<u>0.00</u>	<u>0.00</u>	<u>109,804.98</u>
Less Accumulated Depreciation -				
Food Services	<u>(45,896.00)</u>	<u>(4,218.00)</u>	<u>0.00</u>	<u>(50,114.00)</u>
Total Accumulated Depreciation	<u>(45,896.00)</u>	<u>(4,218.00)</u>	<u>0.00</u>	<u>(50,114.00)</u>
Business-Type Activity Capital Assets, Net	<u>63,908.98</u>	<u>(4,218.00)</u>	<u>0.00</u>	<u>59,690.98</u>

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 6. CAPITAL ASSETS (continued)

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

Depreciation expense was charged to functions as follows:

Instruction:

Regular Education	\$268,024.66
Special Education	1,484.00
Student and Instruction Related Services	306.00
School Administration	39,034.00
General Administration	2,150.00
Plant Operations and Maintenance	<u>189,546.84</u>
Total Depreciation Expense	<u>\$500,545.50</u>

NOTE 7. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the fiscal year ended June 30, 2011 are as follows:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due Within</u> <u>One Year</u>
Capital Lease payable	\$ 69,716.07	\$ -	\$ 28,027.63	\$ 41,688.44	\$ 23,144.09
Compensated absences payable	201,570.00	233,895.37	4,302.47	431,162.90	-
Loans Payable	221,566.37	-	52,593.20	168,973.17	54,374.31
Bonds Payable	<u>16,841,000.00</u>	<u>-</u>	<u>540,000.00</u>	<u>16,301,000.00</u>	<u>575,000.00</u>
	<u>\$17,333,852.44</u>	<u>\$233,895.37</u>	<u>\$624,923.30</u>	<u>\$16,942,824.51</u>	<u>\$652,518.40</u>

A. Bonds Payable:

Bonds are authorized in accordance with State Law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are General Obligation Bonds.

Outstanding Bonds Payable at June 30, 2011 consisted of the following:

<u>Issue</u>	<u>Issue</u> <u>Date</u>	<u>Amount</u> <u>Issued</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	<u>Principal</u> <u>Balance at</u> <u>June 30, 2011</u>
School Bonds of 2006	6/01/06	\$18,276,000.00	4.375 - 4.500%	9/01/31	\$16,301,000.00

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)

A. Bonds Payable (continued):

Principal and interest due on Serial Bonds Outstanding is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	575,000.00	714,373.13	1,289,373.13
2013	585,000.00	688,998.13	1,273,998.13
2014	600,000.00	663,076.26	1,263,076.26
2015	650,000.00	635,732.51	1,285,732.51
2016	685,000.00	606,529.38	1,291,529.38
2017-2021	3,740,000.00	2,556,125.00	6,296,125.00
2022-2026	4,130,000.00	1,670,850.00	5,800,850.00
2027-2031	4,460,000.00	701,775.00	5,161,775.00
2032	<u>876,000.00</u>	<u>19,710.00</u>	<u>895,710.00</u>
	<u>16,301,000.00</u>	<u>8,257,169.41</u>	<u>24,558,169.41</u>

B. Public School Facilities Loan Payable:

Principal and interest due on Loans Outstanding is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	54,374.31	6,440.34	60,814.65
2013	56,291.60	3,937.21	60,228.81
2014	<u>58,307.26</u>	<u>1,330.15</u>	<u>59,637.41</u>
	<u>168,973.17</u>	<u>11,707.70</u>	<u>180,680.87</u>

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)

C. Capital Leases

The District is leasing copier equipment totaling \$41,688.44 under capital leases.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$25,072.56
2013	19,086.30
Total Minimum Lease Payments	<u>44,158.86</u>
Less: Amount representing interest	<u>(2,470.42)</u>
Present Value of net minimum lease	<u>\$41,688.44</u>

Maturities of capital leases payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$23,144.09
2013	<u>18,544.35</u>
	<u>\$41,688.44</u>

NOTE 8. PENSION PLANS

Description of Plans- All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits ("Division"). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 8. PENSION PLANS (continued)

Teachers' Pensions and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of *N.J.S.A.* 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of *N.J.S.A.* 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey of any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Contribution Requirements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% of PERS and 5.5% for TPAF of the employee's annual compensation. Employers are required to contribute at an actuarially determined rate in all Funds except SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. 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.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

<u>Year Ending</u>	
6/30/11	\$125,511.00
6/30/10	123,299.00
6/30/09	103,775.00

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 8. PENSION PLANS (continued)

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits were as follows:

<u>Year Ending</u>	<u>Pension Contributions</u>	<u>Post-Retirement Medical Contributions</u>	<u>NCGI Premium</u>
6/30/11	\$ -	\$469,710.00	\$22,114.00
6/30/10	-	441,379.00	23,501.00
6/30/09	-	427,635.00	22,416.00

During the year ended June 30, 2011, the State of New Jersey contributed \$491,824.00 to the TPAF for NCGI premium contributions and post-retirement medical benefits on behalf of the Board, \$22,114.00 for NCGI premium contributions and \$469,710.00 for post-retirement medical benefits. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$529,168.98 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

Legislation enacted during 1993 provides early retirement incentives for certain members of the TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1993 fiscal year. The early retirement incentives include: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board offered the early retirement incentive program (ERIP) to its employees for both PERS and TPAF.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding 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 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2010, the State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members.

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 10. DEFERRED COMPENSATION

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

- Metlife
- The Equitable
- Lincoln Financial Group
- ResourceValic
- Siracusa Benefits Program

NOTE 11. RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 57,621.61	\$11,865.62	\$ 57,691.56	\$16,247.85
2009-2010	138,530.79	13,458.04	151,495.81	4,452.18
2008-2009	12,788.16	27,869.83	73,525.31	3,959.16

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 12. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Wanaque Board of Education by inclusion of \$100.00 on October 10, 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). A district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfers 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.* 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning balance, July 1, 2010	<u>\$3,839.46</u>
Ending balance June 30, 2011	<u>\$3,839.46</u>

The balance in the capital reserve account at June 30, 2011 does not exceed the balance of local support costs of uncompleted capital projects in its LFRP. Withdrawals from the capital reserve, where applicable, are for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

NOTE 13. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Board of Education resolution adopted on June 23, 2009 in the amount of \$25,000.00. The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A.* 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

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

Beginning balance, July 1, 2010	\$250,000.00
Withdrawals:	
Board resolution September 28, 2010	<u>(35,500.00)</u>
Ending balance, June 30, 2011	<u>\$214,500.00</u>

**Borough of Wanaque School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2011**

NOTE 14. INVENTORY

Inventory on the Food Service Fund at June 30, 2011 consisted of the following:

Food	\$1,936.20
Supplies	<u>484.27</u>
	<u>\$2,420.47</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with *N.J.S.A. 18A:7F-7*, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$526,839.44, of this amount \$226,067.48 is the result of current year's operations.

NOTE 16. FUND BALANCE APPROPRIATED

General Fund (B-1) - Of the \$1,200,548.48 General Fund fund balance at June 30, 2011, \$363,924.23 is reserved for encumbrances, \$526,839.44 is reserved as excess surplus in accordance with *N.J.S.A. 18A:7F-7*. \$(300,771.96) of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2012; \$3,839.46 has been reserved in the Capital Reserve Account, \$214,500.00 has been reserved in the Maintenance Reserve Account, \$33,619.04 has been appropriated and included as anticipated revenue for the year ended June 30, 2012, and \$57,826.31 is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund fund balance at June 30, 2011 of \$5,376.43 is unreserved and undesignated.

NOTE 17. CONTINGENT LIABILITIES

Counsel has advised us that there are no material litigation claims or assessments.

**REQUIRED SUPPLEMENTARY STATEMENTS
PART II**

BUDGETARY COMPARISON SCHEDULE

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	11,820,965.00		11,820,965.00	11,820,965.00	-
Tuition - Other Lea's within the State	142,568.00		142,568.00	204,950.43	62,382.43
Unrestricted Miscellaneous Revenues	50,000.00		50,000.00	38,129.98	(11,870.02)
Total - Local Sources	12,013,533.00	-	12,013,533.00	12,064,045.41	50,512.41
State Sources:					
Categorical Special Education Aid	96,623.00	409,508.00	506,131.00	506,131.00	-
Equalization Aid	1,934,049.00	(409,508.00)	1,524,541.00	1,524,541.00	-
Extraordinary Aid	111,626.00		111,626.00	96,313.00	(15,313.00)
Non Public Transportation Aid			-	7,500.47	7,500.47
On-behalf TPAF NCGI Premium (non-budget)			-	22,114.00	22,114.00
On-behalf TPAF Post Retirement Medical (non-budget)			-	469,710.00	469,710.00
TPAF Social Security (Reimbursed - Non-Budgeted)			-	529,168.98	529,168.98
Total State Sources	2,142,298.00	-	2,142,298.00	3,155,478.45	1,013,180.45
Total Revenues	14,155,831.00	-	14,155,831.00	15,219,523.86	1,063,692.86
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	326,365.00	4,370.00	330,735.00	330,641.00	94.00
Grades 1-5 - Salaries of Teachers	2,694,088.00	(12,805.00)	2,681,283.00	2,681,141.17	141.83
Grades 6-8 - Salaries of Teachers	1,196,725.00	(24,100.00)	1,172,625.00	1,172,553.62	71.38
Regular Programs - Home Instruction:					
Salaries of Teachers	15,000.00	(600.00)	14,400.00	14,399.25	0.75
Regular Programs - Undistributed Instruction					
Other Purchased Services (400-500 series)	40,500.00	(18,550.00)	21,950.00	21,820.18	129.82
General Supplies	155,860.68	144,065.91	299,926.59	213,274.13	86,652.46
Textbooks	100,245.97	24,056.84	124,302.81	62,435.46	61,867.35
Other Objects	10,000.00	(3,700.00)	6,300.00	3,410.41	2,889.59
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,538,784.65	112,737.75	4,651,522.40	4,499,675.22	151,847.18
Learning and/or Language Disabilities:					
Salaries of Teachers	326,596.00	(74,153.00)	252,443.00	252,405.10	37.90
Other Salaries for Instruction	158,305.00	(13,399.00)	144,906.00	144,882.77	23.23
General Supplies	1,700.00	(1,000.00)	700.00	432.13	267.87
Total Learning and/or Language Disabilities	486,601.00	(88,552.00)	398,049.00	397,720.00	329.00
Behavioral Disabilities:					
Salaries of Teachers	53,290.00	656.00	53,946.00	53,915.00	31.00
Other Salaries for Instruction	53,202.00	(20,104.00)	33,098.00	33,083.73	14.27
General Supplies	1,000.00	1,300.00	2,300.00	719.34	1,580.66
Total Behavioral Disabilities	107,492.00	(18,148.00)	89,344.00	87,718.07	1,625.93
Resource Room/Resource Center:					
Salaries of Teachers	893,815.00	(35,320.00)	858,495.00	858,438.76	56.24
Other Salaries for Instruction	265,010.00	(60,000.00)	205,010.00	204,584.02	425.98
General Supplies	5,100.00	1,525.00	6,625.00	3,332.65	3,292.35
Total Resource Room/Resource Center	1,163,925.00	(93,795.00)	1,070,130.00	1,066,355.43	3,774.57
Autism:					
Salaries of Teachers	131,080.00	6,436.00	137,516.00	137,457.01	58.99
Other Salaries for Instruction	132,005.00	(38,000.00)	94,005.00	93,607.09	397.91
General Supplies	1,750.00	(500.00)	1,250.00	1,001.25	248.75
Total Autism	264,835.00	(32,064.00)	232,771.00	232,065.35	705.65
Preschool Disabilities - Part-Time:					
Salaries of Teachers	75,040.00	-	75,040.00	75,040.00	-
Other Salaries for Instruction	26,601.00	(12,200.00)	14,401.00	13,878.00	523.00
General Supplies	500.00	325.00	825.00	511.53	313.47
Total Preschool Disabilities - Part-Time	102,141.00	(11,875.00)	90,266.00	89,429.53	836.47
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,124,994.00	(244,434.00)	1,880,560.00	1,873,288.38	7,271.62
Basic Skills/Remedial - Instruction					
Salaries of Teachers	73,580.00	34,692.00	108,272.00	108,272.00	-
General Supplies	1,750.00	500.00	2,250.00	1,749.37	500.63
Total Basic Skills/Remedial - Instruction	75,330.00	35,192.00	110,522.00	110,021.37	500.63

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-Spon. Co/Extra-Curr Activities - Instruction					
Salaries	48,700.00	26,000.00	74,700.00	73,699.06	1,000.94
Purchased Services (300-500 Series)	3,000.00	(2,000.00)	1,000.00	223.82	776.18
Supplies and Materials	3,000.00	-	3,000.00	1,170.10	1,829.90
Total School-Spon. Co/Extra Curr. Activities - Instruction	54,700.00	24,000.00	78,700.00	75,092.98	3,607.02
Summer School - Inst.					
Salaries of Teachers	75,000.00	45,364.12	120,364.12	57,872.25	62,491.87
Other Salaries of Instruction	20,000.00	20,467.88	40,467.88	20,467.88	20,000.00
Total Summer School - Inst.	95,000.00	65,832.00	160,832.00	78,340.13	82,491.87
Total Instruction	6,888,808.65	(6,672.25)	6,882,136.40	6,636,418.08	245,718.32
Undistributed Expenditures - Instruction:					
Tuition to Other LEAS Within the State - Special	296,100.00	250,549.50	546,649.50	511,610.51	35,038.99
Tuition to CSSD & Reg. Day Schools	40,560.00	(23,614.00)	16,946.00	12,549.98	4,396.02
Tuition to Private School for Disabled w/in State	632,337.00	(333,293.46)	299,043.54	269,199.92	29,843.62
Total Undistributed Expenditures - Instruction:	968,997.00	(106,357.96)	862,639.04	793,360.41	69,278.63
Undist. Expend. - Health Services					
Salaries	157,914.00	(7,450.00)	150,464.00	150,430.41	33.59
Purchased Professional and Technical Services	7,000.00	(7,000.00)	-	-	-
Supplies and Materials	3,150.00	400.00	3,550.00	3,520.90	29.10
Total Undistributed Expenditures - Health Services	168,064.00	(14,050.00)	154,014.00	153,951.31	62.69
Undist. Expend. - Speech, Related Services					
Salaries	241,582.00	(12,800.00)	228,782.00	228,737.75	44.25
Supplies and Materials	1,850.00	(150.00)	1,700.00	1,381.04	318.96
Total Undist. Expend.- Speech, Related Services	243,432.00	(12,950.00)	230,482.00	230,118.79	363.21
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	-	93,040.00	93,040.00	93,040.00	-
Supplies and Materials	2,250.00	(1,650.00)	600.00	254.00	346.00
Other Objects	29,138.45	(10,690.00)	18,448.45	17,699.32	749.13
Total Undist. Expend.- Guidance	31,388.45	80,700.00	112,088.45	110,993.32	1,095.13
Undist. Expend. - Child Study Team					
Salaries of Other Professional Staff	278,403.00	(93,700.00)	184,703.00	184,654.60	48.40
Salaries of Secretarial and Clerical Assistants	24,580.00	400.00	24,980.00	24,963.36	16.64
Purchased Professional - Educational Services	210,900.00	705.06	211,605.06	208,946.26	2,658.80
Other Purchased Prof. And Tech. Services	45,000.00	(980.10)	44,019.90	43,836.04	183.86
Misc Purchased Services (400-500 series other than Resid Costs)	3,000.00	285.10	3,285.10	3,281.43	3.67
Supplies and Materials	4,750.00	6,289.94	11,039.94	9,546.10	1,493.84
Total Undist. Expend.- Child Study Team	566,633.00	(87,000.00)	479,633.00	475,227.79	4,405.21
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	80,637.00	4,500.00	85,137.00	79,625.33	5,511.67
Salaries of Secretarial and Clerical Assistants	21,773.00	-	21,773.00	21,772.32	0.68
Purchased Professional - Educational Services	45,580.00	(7,500.00)	38,080.00	37,696.54	383.46
Other Purchased Services (400-500)	4,500.00	(2,500.00)	2,000.00	2,000.00	2,000.00
Supplies and Materials	3,500.00	(2,000.00)	1,500.00	917.89	582.11
Total Undist. Expend. - Improvement of Inst. Serv.	155,990.00	(7,500.00)	148,490.00	140,012.08	8,477.92
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	114,189.00	1,000.00	115,189.00	114,693.38	495.62
Other Purchased Services (400-500 Series)	4,826.00	(850.00)	3,976.00	3,954.96	21.04
Supplies and Materials	16,500.00	(3,600.00)	12,900.00	12,226.18	673.82
Total Undist. Expend. - Edu. Media Serv./Sch. Library	135,515.00	(3,450.00)	132,065.00	130,874.52	1,190.48
Undist. Expend. - Instructional Staff Training Serv.					
Other Purchased Services (400-500 series)	10,322.00	(8,950.00)	1,372.00	702.75	669.25
Total Undist. Expend. - Instructional Staff Training Serv.	10,322.00	(8,950.00)	1,372.00	702.75	669.25
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	272,683.00	-	272,683.00	267,770.95	4,912.05
Legal Services	60,000.00	(34,768.86)	25,231.14	5,400.00	19,831.14
Audit Fees	26,500.00	(1,000.00)	25,500.00	13,150.00	12,350.00
Architectural/Engineering Services	10,000.00	-	10,000.00	10,000.00	10,000.00
Other Purchased Professional Services	42,000.00	(17,100.00)	24,900.00	8,334.64	16,565.36
Communications/Telephone	53,873.00	(40.00)	53,833.00	28,340.00	25,493.00
BOE Other Purchased Services	4,000.00	-	4,000.00	4,000.00	4,000.00
Other Purchased Services (400-500 series)	39,500.00	995.06	40,495.06	40,493.10	1.96
General Supplies	1,750.00	1,779.94	3,529.94	3,495.80	34.14
Miscellaneous Expenditures	3,000.00	(75.00)	2,925.00	2,798.08	126.92
BOE Membership Dues and Fees	10,000.00	(2,000.00)	8,000.00	7,599.05	400.95
Total Undist. Expend. - Supp. Serv. - General Admin.	523,306.00	(52,208.86)	471,097.14	377,381.62	93,715.52

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	157,461.00	(650.00)	156,811.00	156,538.57	272.43
Salaries of Secretarial and Clerical Assistants	142,535.00	(4,960.00)	137,575.00	137,347.12	227.88
Other Salaries	5,000.00	(900.00)	4,100.00	4,057.51	42.49
Other Purchased Services (400-500 series)	14,000.00	2,000.00	16,000.00	15,994.92	5.08
Supplies and Materials	9,000.00	20,906.00	29,906.00	1,150.61	28,755.39
Other Objects	9,000.00	(3,906.00)	5,094.00	5,059.95	34.05
Total Undist. Expend. - Support Serv. - School Admin.	336,996.00	12,490.00	349,486.00	320,148.68	29,337.32
Undist. Expend. - Central Services:					
Salaries	174,587.00	16,200.00	190,787.00	190,747.66	39.34
Purchased Technical Services	121,350.00	(52,000.00)	69,350.00	67,007.70	2,342.30
Miscellaneous Purchased Services (400-500 Series)	4,000.00	-	4,000.00	1,295.94	2,704.06
Supplies and Materials	5,349.04	(3,000.00)	2,349.04	1,097.87	1,251.17
Miscellaneous Expenditures	1,000.00	-	-	-	-
Total Undist. Expend. - Central Services:	306,286.04	(39,800.00)	266,486.04	260,149.17	6,336.87
Undist. Expend. - Administration Info. Tech.					
Purchased Professional Services	100,000.00	(13,500.00)	86,500.00	85,740.04	759.96
Purchased Technical Services	22,100.00	-	12,900.00	10,935.50	1,964.50
Other Purchased Services (400-500 series)	70,654.00	4,700.00	75,354.00	68,586.64	6,767.36
Supplies and Materials	13,944.00	6,900.00	20,844.00	20,663.26	180.74
Other Objects	120.00	-	120.00	-	120.00
Total Undist. Expend. - Administration Info. Tech.	206,818.00	(11,100.00)	195,718.00	185,925.44	9,792.56
Undist. Expend. - Expend. Required Maint. School Facilities					
Salaries	73,744.00	(1,200.00)	72,544.00	72,511.92	32.08
Cleaning, Repair and Maintenance Services	42,179.90	38,481.14	80,661.04	62,029.64	18,631.40
Total Undist. Expend. - Expend. Required Maint. School Facilities	115,923.90	37,281.14	153,205.04	134,541.56	18,663.48
Undist. Expend. - Custodial Services					
Salaries	195,040.00	4,236.75	199,276.75	199,173.26	103.49
Cleaning, Repair and Maintenance Services	450,000.00	49,736.53	499,736.53	461,976.38	37,760.15
Other Purchased Property Services	17,500.00	(1,508.10)	15,991.90	14,249.35	1,742.55
Insurance	77,000.00	(13,202.00)	63,798.00	63,658.74	139.26
Miscellaneous Purchased Services	30,000.00	(16,593.75)	13,406.25	12,925.00	481.25
General Supplies	42,000.00	12,535.11	54,535.11	46,299.51	8,235.60
Energy (Electricity)	175,000.00	30,622.27	205,622.27	205,610.61	11.66
Energy (Natural Gas)	125,000.00	(49,832.69)	75,167.31	67,221.19	7,946.12
Other objects	2,000.00	(1,730.90)	269.10	180.00	89.10
Total Undist. Expend. - Custodial Services	1,113,540.00	14,263.22	1,127,803.22	1,071,294.04	56,509.18
Undist. Expend. - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	8,000.00	-	13,100.00	13,100.00	-
Total Undist. Expend. Care & Upkeep	8,000.00	-	13,100.00	13,100.00	-
Total Undist. Expend. - Oper. & Maint. Plant Services	1,237,463.90	56,644.36	1,294,108.26	1,218,935.60	75,172.66
Undist. Expend. - Student Transportation Serv.					
Management Fee - ESC & CTSA Trans. Program	12,500.00	(12,500.00)	-	-	-
Contracted Services - (Bet. Home and Sch) - Joint Agreements	85,000.00	(10,658.51)	74,341.49	74,258.03	83.46
Contracted Services - (Sp Ed Stds) - Joint Agreements	115,000.00	19,995.12	134,995.12	134,905.18	89.94
Contract Services - (Spl. Ed. Students) - ESCs & CTSAAs	275,000.00	90,896.10	365,896.10	365,830.10	66.00
Contract Services - Aid in Lieu Pymts - Nonpublic Schools	28,000.00	2,780.00	30,780.00	30,780.00	-
Total Undist. Expend. - Student Transportation Serv.	515,500.00	90,512.71	606,012.71	605,773.31	239.40
UNALLOCATED BENEFITS- EMPLOYEE BENEFITS					
Group Insurance	5,000.00	(2,054.92)	2,945.08	2,859.12	85.96
Social Security Contributions	150,000.00	(13,600.00)	136,400.00	135,410.31	989.69
T.P.A.F. Contributions - ERIP	12,000.00	236,054.92	248,054.92	247,944.92	110.00
Other Retirement Contributions - Regular	148,023.00	511.00	148,534.00	148,534.00	-
Unemployment Compensation	163,300.00	(23,704.00)	139,596.00	139,564.55	31.45
Workmen's Compensation	90,000.00	1,604.00	91,604.00	91,604.00	-
Health Benefits	1,422,102.00	(115,894.33)	1,306,207.67	1,306,139.02	68.65
Tuition Reimbursement	38,123.16	(4,111.00)	34,012.16	33,943.80	68.36
Other Employee Benefits	20,000.00	20,594.33	40,594.33	40,520.42	73.91
TOTAL UNALLOCATED BENEFITS	2,048,548.16	99,400.00	2,147,948.16	2,146,520.14	1,428.02
On-behalf TPAF NCGI Premium (non-budget)	-	-	-	22,114.00	(22,114.00)
On-behalf TPAF Post Retirement Medical (non-budget)	-	-	-	469,710.00	(469,710.00)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	529,168.98	(529,168.98)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	1,020,992.98	(1,020,992.98)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	2,048,548.16	99,400.00	2,147,948.16	3,167,513.12	(1,019,564.96)
TOTAL UNDISTRIBUTED EXPENDITURES	7,455,259.55	(3,619.75)	7,451,639.80	8,171,067.91	(719,428.11)

WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL GENERAL CURRENT EXPENSE	14,344,068.20	(10,292.00)	14,333,776.20	14,807,485.99	(473,709.79)
CAPITAL OUTLAY					
Equipment:					
Regular Programs - Instruction:					
Undistributed Expenditures - Non-Instructional Services	-	10,292.00	10,292.00	10,291.09	0.91
Total Equipment	-	10,292.00	10,292.00	10,291.09	0.91
Facilities Acquisition and Construction Services					
Infrastructure	-	35,500.00	35,500.00	35,500.00	-
Total Facilities Acquisition and Construction Services	-	35,500.00	35,500.00	35,500.00	-
TOTAL CAPITAL OUTLAY	-	45,792.00	45,792.00	45,791.09	0.91
Transfer of funds to Charter School	10,700.00	-	10,700.00	10,258.00	
TOTAL EXPENDITURES	14,354,768.20	35,500.00	14,390,268.20	14,863,535.08	(473,708.88)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(198,937.20)	(35,500.00)	(234,437.20)	355,988.78	590,425.98
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(198,937.20)	(35,500.00)	(234,437.20)	355,988.78	590,425.98
Fund Balance, July 1	1,071,084.70		1,071,084.70	1,071,084.70	
Fund Balance, June 30	872,147.50	(35,500.00)	836,647.50	1,427,073.48	590,425.98
Recapitulation of excess (deficiency of revenues under expenditures):					
Adjustment for prior year encumbrances	(98,937.20)		(98,937.20)	(98,937.20)	
Budgeted fund balance	(100,000.00)		(100,000.00)	489,925.98	625,925.98
Decrease in maintenance reserve:					
Budgeted Withdrawal from Maintenance Reserve Account		(35,500.00)	(35,500.00)	(35,500.00)	(35,500.00)
	(198,937.20)	(35,500.00)	(234,437.20)	355,488.78	590,425.98
Recapitulation:					
Committed Fund Balance:					
Year End Encumbrances				363,924.23	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				33,619.04	
Restricted Fund Balance:					
Excess Surplus Designated for Subsequent Year's Expenditures				300,771.96	
Excess Surplus				226,067.48	
Capital Reserve				3,839.46	
Maintenance Reserve				214,500.00	
Unassigned Fund Balance				284,351.31	
				1,427,073.48	
Reconciliation to Government Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(226,525.00)	
Fund Balance per Governmental Funds (GAAP)				1,200,548.48	

**WANAQUE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	9,718.00	14.95	9,732.95	7,500.00	(2,232.95)
State Sources	91,194.00	33,013.00	124,207.00	77,360.65	(46,846.35)
Federal Sources	328,850.00	181,695.00	510,545.00	440,292.70	(70,252.30)
Total Revenues	429,762.00	214,722.95	644,484.95	525,153.35	(119,331.60)
EXPENDITURES:					
Instruction					
Personal Services - Salaries	76,000.00		76,000.00	76,000.00	-
Other Salaries for Instruction	13,880.00		13,880.00	12,723.00	1,157.00
Purchased prof. & tech. services	91,194.00	15,850.27	107,044.27	62,859.58	44,184.69
Other Purchased Services	203,869.00	63,032.41	266,901.41	266,226.52	674.89
General Supplies	2,844.00	3,863.00	6,707.00	6,698.07	8.93
Textbooks		6,707.00	6,707.00	4,169.62	2,537.38
Total Instruction	373,907.00	103,332.68	477,239.68	428,676.79	48,562.89
Support Services					
Personal Services - Employee Benefits	12,606.00	35,841.33	48,447.33	34,968.40	13,478.93
Purchased prof. Ed. Services	31,731.00	75,529.99	107,260.99	54,008.16	53,252.83
Supplies and Materials	11,518.00	18.95	11,536.95	7,500.00	4,036.95
Total Support Services	55,855.00	111,390.27	167,245.27	96,476.56	70,768.71
Total Expenditures	429,762.00	214,722.95	644,484.95	525,153.35	119,331.60
Total Outflows	429,762.00	214,722.95	644,484.95	525,153.35	119,331.60
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

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

Note A - Explanation of difference between budgetary inflows and outflows and GAAP revenues and expenditures.

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]&[C-2]	15,219,523.86	525,153.35
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add: Prior Year Encumbrances			36,768.00
Less: Current Year Encumbrances			(5,730.15)
The last State Aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).			
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(226,525.00)	
State Aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		265,598.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - government funds.	[B-2]	15,258,596.86	556,191.20
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	14,863,535.08	525,153.35
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
Add: Prior Year Encumbrances			36,768.00
Less: Current Year Encumbrances			(5,730.15)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - government funds.	[B-2]	14,863,535.08	556,191.20

OTHER SUPPLEMENTARY INFORMATION

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

	Title I Part - A Improving Basic Program	Title I Part - A Improving Basic Program Carryover	Title II Part - A Teacher / Principal Training & Recruiting	Title II Part - A Teacher / Principal Training & Recruiting Carryover	Title II Part - D Enhancing Technology thru Educ.	Title II Part - D Enhancing Technology thru Educ. Carryover	Totals 2011
REVENUES:							
Federal sources	301,140.53	91,227.49	20,073.20	7,124.50	20,433.98	144.00	440,292.70
State sources	77,360.65						77,360.65
Local sources	7,500.00						7,500.00
Total Revenues	386,001.18	91,227.49	20,073.20	7,124.50	20,433.98	144.00	525,153.35
EXPENDITURES:							
Instruction:							
Personal Services - Salaries	12,723.00	76,000.00					76,000.00
Other Salaries for Instruction	62,715.58					144.00	12,723.00
Purchased prof. & tech. services	266,226.52						62,859.58
Other Purchased Services	6,698.07	2,667.09					266,226.52
Textbooks	1,353.53						6,698.07
General supplies							4,169.62
Total instruction	349,716.70	78,667.09	-	-	149.00	144.00	428,676.79
Support Services:							
Personnel services - employee benefits	5,800.00	12,560.40	16,608.00				34,968.40
Purchased prof. Ed. Services	22,984.48		3,465.20	7,124.50	20,433.98		54,008.16
Supplies and Materials	7,500.00						7,500.00
Total support services	36,284.48	12,560.40	20,073.20	7,124.50	20,433.98	-	96,476.56
Total Expenditures	386,001.18	91,227.49	20,073.20	7,124.50	20,433.98	144.00	525,153.35
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)							

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

	Total Brought Forward From (Ex. E-1b)	Basic	I.D.E.A. Part B Basic Carryover	Preschool	ARRA Basic Carryover	Nonpublic Textbooks	Nonpublic Nursing Services	Total Carried Forward To (Ex. E-1)
REVENUES:								
Federal sources	-	219,352.75	14,730.53	12,723.00	54,334.25	6,698.07	7,947.00	301,140.53
State sources	62,715.58							77,360.65
Local sources	7,500.00							7,500.00
Total Revenues	70,215.58	219,352.75	14,730.53	12,723.00	54,334.25	6,698.07	7,947.00	386,001.18
EXPENDITURES:								
Instruction:								
Personal Services - Salaries	-							12,723.00
Other Salaries for Instruction	-			12,723.00				62,715.58
Purchased prof. & tech. services	62,715.58	209,385.00	14,657.00		42,184.52	6,698.07		266,226.52
Other Purchased Services	-							6,698.07
Textbooks	-		73.53		1,280.00			1,353.53
General supplies	-							
Total instruction	62,715.58	209,385.00	14,730.53	12,723.00	43,464.52	6,698.07	-	349,716.70
Support Services:								
Personnel services - employee benefits	-	9,967.75			5,800.00		7,947.00	5,800.00
Purchased prof. Ed. Services	-				5,069.73			22,984.48
Supplies and Materials	7,500.00							7,500.00
Total support services	7,500.00	9,967.75	-	-	10,869.73	-	7,947.00	36,284.48
Total Expenditures	70,215.58	219,352.75	14,730.53	12,723.00	54,334.25	6,698.07	7,947.00	386,001.18
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-

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

	Ch. 193 - Handicapped Services				Safety Grant	Total Carried Forward To (Ex. E-1a)
	Chapter 192 - Auxiliary Services Nonpublic Comp. Ed	Nonpublic Exam. & Class.	Nonpublic Corrective Speech	Nonpublic Supplemental Instruction		
REVENUES:						
Federal sources	20,094.48	19,857.00	4,615.71	7,782.12	7,500.00	62,715.58
State sources						7,500.00
Local sources						
Total Revenues	20,094.48	19,857.00	4,615.71	7,782.12	7,500.00	70,215.58
EXPENDITURES:						
Instruction:						
Personal Services - Salaries						-
Other Salaries for Instruction						-
Purchased prof. & tech. services	20,094.48	19,857.00	4,615.71	7,782.12		62,715.58
Other Purchased Services						-
Textbooks						-
General supplies						-
Total instruction	20,094.48	19,857.00	4,615.71	7,782.12	-	62,715.58
Support Services:						
Personnel services - employee benefits						-
Purchased prof. Ed. Services					7,500.00	7,500.00
Supplies and Materials						-
Total support services	-	-	-	-	7,500.00	7,500.00
Total Expenditures	20,094.48	19,857.00	4,615.71	7,782.12	7,500.00	70,215.58
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Expenditures and Other Financing Uses:

Construction services	8,225.20
Total Expenditures	8,225.20
Excess (deficiency) of revenue over (under) expenditures	(8,225.20)
 Fund balance - beginning	 228,214.49
Fund balance - ending	219,989.29

**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
HASKELL ELEMENTARY IMPROVEMENTS & BUILDING SYSTEMS UPGRADING
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Bond proceeds and transfers	10,462,672.80		10,462,672.80	10,462,672.80
Local Tax Levy	108.60		108.60	108.60
Total Revenues	<u>10,462,781.40</u>	<u>-</u>	<u>10,462,781.40</u>	<u>10,462,781.40</u>
Expenditures and Other Financing Uses				
Purchase professional and technical services	4,067,795.40		4,067,795.40	4,067,795.40
Constructions services	5,791,548.46	4,859.10	5,796,407.56	5,968,709.33
Equipment purchases	424,135.22		424,135.22	424,135.22
Supply purchases	2,141.45		2,141.45	2,141.45
Total expenditures	<u>10,285,620.53</u>	<u>4,859.10</u>	<u>10,290,479.63</u>	<u>10,462,781.40</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 177,160.87</u>	<u>\$ (4,859.10)</u>	<u>\$ 172,301.77</u>	<u>\$ -</u>
Additional project information:				
Project Number	5440-050-05-1000			
Grant Date	N/A			
Bond Authorization Date	4/25/2006			
Bonds Authorized	10,462,781.40			
Bonds Issued	10,462,672.80			
Original Authorized Cost	10,462,781.40			
Additional Authorized Cost				
Revised Authorized Cost	10,462,781.40			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	98.36%			
Est. Original target completion date	Sep-07			
Est. Revised target completion date	Aug-12			

**WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
AND PROJECT STATUS - BUDGETARY BASIS
WANAQUE ELEMENTARY IMPROVEMENTS & BUILDING SYSTEMS UPGRADING
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Bond proceeds and transfers	7,813,327.20		7,813,327.20	7,813,327.20
Local Tax Levy	72.40		72.40	72.40
Total Revenues	7,813,399.60	-	7,813,399.60	7,813,399.60
Expenditures and Other Financing Uses				
Purchase professional and technical services	2,330,205.02		2,330,205.02	2,330,205.02
Constructions services	5,137,770.12	3,366.10	5,141,136.22	5,188,823.74
Equipment purchases	292,830.22		292,830.22	292,830.22
Supply purchases	1,540.62		1,540.62	1,540.62
Total expenditures	7,762,345.98	3,366.10	7,765,712.08	7,813,399.60
Excess (deficiency) or revenues over (under) expenditures	\$ 51,053.62	\$ (3,366.10)	\$ 47,687.52	\$ -
Additional project information:				
Project Number	5440-070-05-1000			
Grant Date	N/A			
Bond Authorization Date	4/25/2006			
Bonds Authorized	7,813,399.60			
Bonds Issued	7,813,327.20			
Original Authorized Cost	7,813,399.60			
Additional Authorized Cost				
Revised Authorized Cost	7,813,399.60			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	99.26%			
Est. Original target completion date	Sep-07			
Est. Revised target completion date	Aug-12			

WANAQUE BOROUGH SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

PROJECT DESCRIPTION	STATE PLAN NUMBER	APPROPRIATION	EXPENDITURES		UNEXPENDED BALANCE
			PRIOR YEARS	CURRENT YEAR	
Haskell Elementary Improvements & Building Systems Upgrading	5440-050-05-1000	10,462,781.40	10,285,620.53	4,859.10	172,301.77
Wanaque Elementary Improvements & Building Systems Upgrading	5440-070-05-1000	7,813,399.60	7,762,345.98	3,366.10	47,687.52
		\$ 18,276,181.00	\$ 18,047,966.51	\$ 8,225.20	\$ 219,989.29

**WANAQUE BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICES
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

	<u>2011</u>
<u>ASSETS</u>	
CURRENT ASSETS:	
Cash and cash equivalents	68,814.66
Accounts receivable:	
State	316.75
Federal	7,304.05
Inventories	<u>2,420.47</u>
Total current assets	<u>78,855.93</u>
FIXED ASSETS:	
Equipment	109,804.98
Less: accumulated depreciation	<u>(50,114.00)</u>
Total fixed assets	<u>59,690.98</u>
TOTAL ASSETS	<u><u>138,546.91</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:	
Accounts payable	<u>20,708.19</u>
Total Current Liabilities	<u>20,708.19</u>
NET ASSETS	
Invested in Capital Assets Net of Related Debt	59,690.98
Unrestricted	<u>58,147.74</u>
Total Net Assets	<u>117,838.72</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>138,546.91</u></u>

**WANAQUE BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICES
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	2011
OPERATING REVENUES:	
Local sources:	
Daily sales reimbursable programs:	
School lunch programs	161,135.28
Total daily sales	161,135.28
Special functions	1,020.30
Total operating revenues	162,155.58
OPERATING EXPENSES:	
Salaries	87,951.13
Cost of food	110,333.54
Employee benefits	25,045.63
Supplies and materials	11,718.36
Management Fees	8,967.77
Depreciation	4,218.00
Repairs	633.50
Miscellaneous	7,610.50
Total operating expenses	256,478.43
OPERATING INCOME (LOSS)	(94,322.85)
NON-OPERATING REVENUES:	
State sources:	
State school lunch program	3,457.56
Federal sources:	
National school lunch program	87,705.14
National school breakfast program	1,675.98
Special Milk Program	294.13
Food distribution program	18,526.27
Total non-operating revenues	111,659.08
Net Income(Loss) Before Operating Transfers	17,336.23
Total Net Assets - Beginning	100,502.49
Total Net Assets - Ending	117,838.72

**WANAQUE BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
FOOD SERVICES
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	2011
CASH FLOWS USED BY OPERATING ACTIVITIES:	
Cash receipts from customers	161,955.75
Cash payments to employees for services	(87,951.13)
Cash payments to suppliers for goods and services	(141,581.43)
Net cash used by operating activities	(67,576.81)
CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES:	
Cash received from state and federal reimbursements	93,132.81
Net cash provided by noncapital financing activities	93,132.81
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 25,556.00
CASH AND CASH EQUIVALENTS, July 1	43,258.66
CASH AND CASH EQUIVALENTS, June 30	68,814.66
 Reconciliation of operating (loss) to net cash provided (used) by operating activities:	
Operating Income (loss)	(94,322.85)
Adjustments to reconcile operating loss to cash provided (used) by operating activities:	
Depreciation	4,218.00
Food distribution program	18,526.27
Changes in assets and liabilities:	
(Increase)/decrease in accounts receivable	(199.83)
(Increase)/decrease in inventory	1,099.24
Increase/(decrease) in accounts payable	3,102.36
Net cash used by operating activities	(67,576.81)
 NONCASH NONCAPITAL FINANCING ACTIVITIES	
During the year the District received \$18,526.27 of food commodities from the U.S. Department of Agriculture	

WANAQUE BOROUGH SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

ASSETS

	<u>Agency Funds</u>	<u>Expendable Trust Fund</u>	<u>Totals</u>
	<u>Student Activity</u>	<u>Unemployment Compensation Insurance</u>	<u>2011</u>
ASSETS:			
Cash and cash equivalents	37,694.07	13,073.88	74,022.21
Interfund Receivable (Unemployment)		3,173.97	3,173.97
Total Assets	<u>37,694.07</u>	<u>16,247.85</u>	<u>77,196.18</u>

LIABILITIES AND NET ASSETS

LIABILITIES:			
Payroll Deductions	14,119.87		14,119.87
Accrued Salaries and Wages Due to student groups	5,960.42		5,960.42
Interfund Payable (Agency)	3,173.97		37,694.07
			<u>3,173.97</u>
Total liabilities	<u>37,694.07</u>	-	<u>60,948.33</u>
NET ASSETS			
Held in Trust for Unemployment Claims and other Purposes		16,247.85	16,247.85
Total Net Assets		<u>16,247.85</u>	<u>16,247.85</u>

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

	<u>Unemployment Compensation Insurance Trust</u>
OPERATING REVENUES:	
Local sources:	
Board Contributions	57,620.51
Interest on investments	1.10
Employee Withholdings	<u>11,865.62</u>
Total operating revenues	<u>69,487.23</u>
OPERATING EXPENSES:	
Unemployment compensation assessments	<u>57,691.56</u>
Total operating expenses	<u>57,691.56</u>
Change in Net Assets	<u>11,795.67</u>
Net Assets - Beginning	<u>4,452.18</u>
Net Assets - Ending	<u><u>16,247.85</u></u>

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

	<u>Balance</u> <u>July 30, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
Wanaque School	16,435.97	72,620.61	65,994.36	23,062.22
Haskell School	10,780.97	73,059.96	69,219.08	14,621.85
Wanaque School Petty Cash	5.00	375.00	375.00	5.00
Haskell School Petty Cash	<u>55.00</u>	<u>347.88</u>	<u>397.88</u>	<u>5.00</u>
 Total all schools	 <u>27,276.94</u>	 <u>146,403.45</u>	 <u>135,986.32</u>	 <u>37,694.07</u>

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

	<u>Balance July 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
ASSETS:				
Cash	19,996.81	9,210,454.83	9,207,197.38	23,254.26
TOTAL ASSETS	<u>19,996.81</u>	<u>9,210,454.83</u>	<u>9,207,197.38</u>	<u>23,254.26</u>
LIABILITIES:				
Payroll deductions and withholdings	13,016.11	9,193,303.45	9,192,199.69	14,119.87
Accrued Salaries and Wages	3,229.66	5,285.76	2,555.00	5,960.42
Interfund Payable (Unemployment)	3,751.04	11,865.62	12,442.69	3,173.97
TOTAL LIABILITIES	<u>19,996.81</u>	<u>9,210,454.83</u>	<u>9,207,197.38</u>	<u>23,254.26</u>

WANAQUE BOROUGH SCHOOL DISTRICT
GENERAL LONG TERM DEBT ACCOUNT GROUP
STATEMENT OF LOANS PAYABLE
AS OF JUNE 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance	
						July 1, 2010	June 30, 2011
Safe Program Loan - Roof Improvements	8/18/1993	212,105.00	7/15/11-13	11,163.00	1.50%	44,656.10	33,492.68
Small Project Loan - Roof Improvements	8/18/1993	636,315.00	7/15/11-13	Various	5.288%	176,910.27	135,480.49
						<u>221,566.37</u>	<u>168,973.17</u>

**WANAQUE BOROUGH SCHOOL DISTRICT
GENERAL LONG TERM DEBT ACCOUNT GROUP
STATEMENT OF BONDS PAYABLE
AS OF JUNE 30, 2011**

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance	Balance
						July 1, 2010	June 30, 2011
2006 School Bonds	06/01/06	18,276,000.00	9/1/2011	575,000	4.375%		
			9/1/2012	585,000	4.375%		
			9/1/2013	600,000	4.375%		
			9/1/2014	650,000	4.375%		
			9/1/2015	685,000	4.375%		
			9/1/2016	700,000	4.375%		
			9/1/2017	730,000	4.375%		
			9/1/2018	750,000	4.375%		
			9/1/2019	775,000	4.500%		
			9/1/2020	785,000	4.500%		
			9/1/2021	800,000	4.500%		
			9/1/2022	815,000	4.500%		
			9/1/2023	825,000	4.500%		
			9/1/2024	840,000	4.500%		
			9/1/2025	850,000	4.500%		
			9/1/2026	875,000	4.500%		
			9/1/2027	885,000	4.500%		
			9/1/2028-2030	900,000	4.500%		
			9/1/2031	876,000	4.500%		
						<u>16,841,000.00</u>	<u>16,301,000.00</u>
						<u>540,000.00</u>	<u>16,301,000.00</u>

WANAQUE BOROUGH SCHOOL DISTRICT
GENERAL LONG TERM DEBT ACCOUNT GROUP
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2011

Purpose	Date of Lease	Term of Lease	Interest Rate Payables	Amount of Original Issue	Balance July 1, 2010	Retired Current Year	Balance June 30, 2011
(3) Savin 8025SP Digital Copiers, (1) Savin 8035SPF Digital Copier with Accessories	09/26/06	5 Years	5.49%	37,853.40	10,457.67	8,308.35	2,149.32
(1) Xerox 4595 Copier, (1) Xerox 5675pt Copier (1) Xerox 4110 Copier	3/19/2008	5 Years		97,945.05	59,258.40	19,719.28	39,539.12
					<u>69,716.07</u>	<u>28,027.63</u>	<u>41,688.44</u>

**WANAQUE BOROUGH SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	462,998.00	-	462,998.00	462,998.00	-
Total revenues - local sources	<u>462,998.00</u>	<u>-</u>	<u>462,998.00</u>	<u>462,998.00</u>	<u>-</u>
State sources:					
Debt service aid type II	438,692.00	-	438,692.00	438,692.00	-
Total state sources	<u>438,692.00</u>	<u>-</u>	<u>438,692.00</u>	<u>438,692.00</u>	<u>-</u>
TOTAL REVENUES	<u>901,690.00</u>	<u>-</u>	<u>901,690.00</u>	<u>901,690.00</u>	<u>-</u>
EXPENDITURES					
Regular debt service:					
Interest	747,610.00	-	747,610.00	747,609.45	0.55
Redemption of principal	592,594.00	-	592,594.00	592,593.20	0.80
Total regular debt service	<u>1,340,204.00</u>	<u>-</u>	<u>1,340,204.00</u>	<u>1,340,202.65</u>	<u>1.35</u>
TOTAL EXPENDITURES	<u>1,340,204.00</u>	<u>-</u>	<u>1,340,204.00</u>	<u>1,340,202.65</u>	<u>1.35</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(438,514.00)</u>	<u>-</u>	<u>(438,514.00)</u>	<u>(438,512.65)</u>	<u>1.35</u>
Net Change in fund balances	(438,514.00)	-	(438,514.00)	(438,512.65)	1.35
Fund balance - July 1	443,889.08	-	443,889.08	443,889.08	-
Fund balance - June 30	<u>5,375.08</u>	<u>-</u>	<u>5,375.08</u>	<u>5,376.43</u>	<u>1.35</u>
Recapitulation of excess (deficiency) of revenues under expenditures:					
Budgeted fund balance	<u>(438,514.00)</u>		<u>(438,514.00)</u>	<u>(438,512.65)</u>	<u>1.35</u>

STATISTICAL SECTION

OUTLINE OF NJ DOE STATISTICAL TABLES SECTION (GASB 44)

Exhibit #

Financial Trends Information/Schedules

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

Revenue Capacity Information

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers (Current year and nine years ago)
J-9	Property Tax Levies and Collections

Debt Capacity Information

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

Demographic and Economic Information

J-14	Demographic and Economic Statistics
J-15	Principal Employers, Current and Nine Years Ago

Operating Information

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

WANAQUE BOARD OF EDUCATION

Net Assets by Component,
Last Ten Fiscal Years (*)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011		
Governmental activities										
Invested in capital assets, net of related debt	247,667	228,370	(16,481,951)	(2,710,802)	(448,541)	744,603	988,510	1,142,602		
Restricted	451,103	650,062	17,339,820	4,923,552	3,492,194	1,715,524	1,389,902	1,368,088		
Unrestricted	(105,649)	(37,448)	19,945	(322,300)	(368,004)	(334,320)	(284,786)	(537,951)		
Total governmental activities net assets	593,121	840,984	877,814	1,890,449	2,675,650	2,125,807	2,073,626	1,972,739		
Business-type activities										
Invested in capital assets, net of related debt	26,918	24,226	21,741	19,257	35,015	68,127	63,909	59,691		
Unrestricted	17,599	21,770	18,441	23,086	35,808	18,673	36,594	58,148		
Total business-type activities net assets	44,517	45,996	40,182	42,343	70,823	86,800	100,502	117,839		
District-wide										
Invested in capital assets, net of related debt	274,585	252,596	(16,460,210)	(2,691,545)	(413,526)	812,730	1,032,419	1,202,293		
Restricted	451,103	650,062	17,339,820	4,923,552	3,492,194	1,715,524	1,389,902	1,368,088		
Unrestricted	(88,050)	(15,678)	38,386	(299,214)	(332,196)	(315,647)	(248,192)	(479,804)		
Total district net assets	637,638	886,980	917,995	1,932,792	2,746,472	2,212,607	2,174,129	2,090,577		

Source: CAFR Schedule A-1

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

WANAQUE BOARD OF EDUCATION

Changes in Net Assets, Last Ten Fiscal Years (*)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011		
Expenses										
Governmental activities										
Instruction										
Regular	5,284,275	5,926,597	6,214,662	6,297,654	6,684,948	6,812,355	7,121,678	6,906,467		
Special education	1,123,420	1,587,092	1,711,658	1,758,362	2,180,984	2,441,206	2,310,837	2,618,944		
Other special education	79,977	41,211	30,111	80,333	100,765	125,664	119,623	153,171		
Other instruction	25,440	31,732	28,284	40,828	110,348	150,043	260,619	214,025		
Support Services:										
Tuition	515,848	849,778	530,049	754,620	975,813	788,806	596,890	793,360		
Student & instruction related services	1,292,086	1,224,605	1,676,325	1,835,934	2,026,370	2,031,017	1,964,972	1,671,061		
General administrative services	465,817	518,570	569,713	580,751	541,122	535,515	595,390	477,938		
School administrative services	410,675	433,953	552,457	515,753	542,724	484,784	501,823	502,093		
Central Services and Admin. Info. Tech.	373,057	501,227	501,584	577,782	610,830	563,322	636,032	522,093		
Plant operations and maintenance	1,067,730	1,044,719	1,184,252	1,282,274	1,397,460	1,579,726	1,534,505	1,625,032		
Pupil transportation	363,022	457,135	462,797	444,921	591,623	494,102	510,442	605,773		
Charter Schools			1,462	17,563	3,167	19,851	11,576	10,258		
Interest on Long term debt	23,355	30,928	36,045	742,134	813,758	790,703	766,759	741,320		
Unallocated Benefits	726,670									
Total governmental activities expenses	11,751,373	12,647,547	13,499,398	14,928,910	16,560,123	16,817,084	16,921,147	16,817,366		
Business-type activities:										
Food service	215,010	209,887	229,606	241,211	263,139	258,732	265,408	256,478		
Total business-type activities expense	215,010	209,887	229,606	241,211	263,139	258,732	265,408	256,478		
Total district expenses	11,966,383	12,857,435	13,729,004	15,170,121	16,823,263	17,075,816	17,186,554	17,073,844		
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	69,542			487,927	608,841	499,822	672,805	556,191		
Operating grants and contributions	391,803	450,751	588,671	487,927	608,841	499,822	672,805	556,191		
Total governmental activities program revenues	461,345	450,751	588,671	487,927	608,841	499,822	672,805	556,191		
Business-type activities:										
Charges for services										
Food service	143,359	143,376	150,787	163,192	181,216	179,596	168,632	162,156		
Operating grants and contributions	65,957	67,592	72,466	79,597	91,600	94,598	110,259	111,659		
Total business type activities program revenues	209,316	210,968	223,253	242,789	272,816	274,134	278,891	273,815		
Total district program revenues	670,661	661,719	811,924	730,716	881,658	773,956	951,697	830,006		

WANAQUE BOARD OF EDUCATION

Changes in Net Assets, Last Ten Fiscal Years (*)
(accrual basis of accounting)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue								
Governmental activities	(11,290,028)	(12,196,796)	(12,910,727)	(14,440,983)	(15,951,282)	(16,317,262)	(16,248,342)	(16,261,174)
Business-type activities	(5,684)	1,080	(6,353)	1,578	9,677	15,402	13,484	17,336
Total district-wide net expense	<u>(11,295,722)</u>	<u>(12,195,716)</u>	<u>(12,917,080)</u>	<u>(14,439,404)</u>	<u>(15,941,605)</u>	<u>(16,301,860)</u>	<u>(16,234,858)</u>	<u>(16,243,838)</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes levied for general purposes, net	8,473,961	9,006,898	9,432,336	9,975,454	10,532,586	10,766,727	11,298,080	11,820,965
Taxes levied for debt service	60,822	60,252	81,634	669,142	810,674	400,680	344,276	462,998
Unrestricted grants and contributions	3,142,437	3,262,582	3,359,371	3,835,603	4,778,319	4,253,577	4,272,855	3,633,243
Investment Earnings				831,132	518,984	74,559	5,396	
Miscellaneous income	336,371	114,927	94,216	142,287	114,161	271,876	275,554	243,080
Transfers					(18,242)			
Total governmental activities	<u>12,013,591</u>	<u>12,444,659</u>	<u>12,947,557</u>	<u>15,453,618</u>	<u>16,736,483</u>	<u>15,767,419</u>	<u>16,196,160</u>	<u>16,160,287</u>
Business-type activities:								
Investment earnings	13	398	539	583	561	576	219	
Miscellaneous income	22							
Transfers								
Total business-type activities	<u>35</u>	<u>398</u>	<u>539</u>	<u>583</u>	<u>18,242</u>	<u>576</u>	<u>219</u>	<u>-</u>
Total district-wide	<u>12,013,626</u>	<u>12,445,057</u>	<u>12,948,096</u>	<u>15,454,201</u>	<u>16,755,285</u>	<u>15,767,995</u>	<u>16,196,379</u>	<u>16,160,287</u>
Change in Net Assets								
Governmental activities	723,563	247,863	36,830	1,012,635	785,200	(549,842)	(52,181)	(100,888)
Business-type activities	(5,659)	1,479	(5,814)	2,162	28,479	15,977	13,703	17,336
Total district	<u>717,904</u>	<u>249,341</u>	<u>31,016</u>	<u>1,014,797</u>	<u>813,680</u>	<u>(533,865)</u>	<u>(38,478)</u>	<u>(83,551)</u>

Source: CAFR Schedule A-2

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

WANAQUE BOARD OF EDUCATION

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011		
General Fund										
Reserved	451,101	650,060	524,108	885,753	814,017	481,146	717,798			
Unreserved	253,755	316,704	205,619	212,794	305,869	178,926	87,689			
Restricted								745,179		
Committed								363,924		
Assigned								33,619		
Unassigned								57,826		
Total general fund	<u>704,857</u>	<u>966,765</u>	<u>729,727</u>	<u>1,098,548</u>	<u>1,119,886</u>	<u>660,072</u>	<u>805,487</u>	<u>1,200,548</u>		
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund	(1,517)	(1,483)	(1,581)	(1,583)	(3,704)					
Capital projects fund			17,024,025	3,201,455	1,371,790	325,822	228,214	219,989		
Debt service fund	2	2	21,221	836,343	1,306,386	908,556	443,890	5,376		
Total all other governmental funds	<u>(1,515)</u>	<u>(1,481)</u>	<u>17,043,666</u>	<u>4,036,215</u>	<u>2,674,473</u>	<u>1,234,378</u>	<u>672,104</u>	<u>225,366</u>		

Source: CAFR Schedule B-1

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2004 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

WANAQUE BOARD OF EDUCATION

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

	Fiscal Year Ending June 30,				
	2001	2002	2004	2005	2006
Revenues					
Tax levy	\$ 6,787,657	\$ 7,403,429	\$ 8,534,783	\$ 9,067,150	\$ 9,493,970
Tuition charges					
Miscellaneous	47,930	58,948	405,913	114,927	94,035
State sources	2,917,086	2,773,686	3,252,206	3,370,951	3,825,516
Federal sources	257,460	291,407	282,034	342,382	122,526
Total revenue	10,010,755	10,527,470	12,474,936	12,895,410	13,536,047
Expenditures					
Instruction					
Regular Instruction	3,926,099	4,235,212	4,364,472	4,487,634	4,658,877
Special education instruction	632,463	770,571	926,116	1,182,630	1,255,867
Other special instruction	75,595	88,646	66,117	31,029	22,374
Other instruction	16,260	3,463	21,333	24,213	21,207
Support Services:					
Tuition	363,889	393,379	515,848	849,778	530,049
Student & instruction related services	952,381	1,003,477	1,119,789	946,209	1,281,716
General administrative services	527,977	461,809	411,163	455,613	500,214
School Administrative services	306,497	401,631	335,236	346,542	405,013
Central Services				390,248	376,239
Business administrative services			343,709		
Plant operations and maintenance	821,420	882,373	959,454	870,460	970,861
Pupil transportation	328,696	284,155	363,022	457,135	462,797
Unallocated employee benefits	1,812,415	2,018,728	2,214,226	2,496,635	2,834,746
Charter Schools					1,462
Capital outlay	141,899	319,755	39,619	170,982	1,618,202
Debt Service:					
Principal	139,086	140,120	42,393	43,627	44,909
Interest and Other Charges	40,691	33,421	23,355	21,504	19,585
Total expenditures	10,085,368	11,036,739	11,745,851	12,774,238	15,004,118
Excess (Deficiency) of revenues over (under) expenditures	(74,613)	(509,269)	729,085	121,172	(1,468,072)
Other Financing sources (uses)					
Capital leases (non-budgeted)			23,195	140,770	
Bond proceeds					18,276,181
Transfers in					21,220
Transfers out					(21,220)
Total other financing sources (uses)	-	-	23,195	140,770	18,276,181
Net change in fund balances	\$ (74,613)	\$ (509,269)	\$ 752,280	\$ 261,942	\$ 16,808,109
Debt service as a percentage of noncapital expenditures	1.808%	1.619%	0.562%	0.517%	0.482%

Source: District Records

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Services and Administrative information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Services and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

WANAQUE BOARD OF EDUCATION

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

	Fiscal Year Ending June 30,				
	2007	2008	2009	2010	2011
Revenues					
Tax levy	\$ 10,644,596	\$ 11,343,260	\$ 11,167,407	\$ 11,642,356	\$ 12,283,963
Tuition charges					204,950
Miscellaneous	973,419	633,145	346,436	285,297	45,630
State sources	3,952,094	4,978,292	4,356,771	4,018,093	3,710,532
Federal sources	371,436	408,869	396,627	923,220	471,403
Total revenue	<u>15,941,545</u>	<u>17,363,566</u>	<u>16,267,241</u>	<u>16,868,966</u>	<u>16,716,478</u>
Expenditures					
Instruction					
Regular Instruction	4,555,932	4,710,602	5,055,726	5,507,578	4,965,120
Special education instruction	1,250,614	1,501,388	1,825,193	1,781,551	1,873,288
Other special instruction	56,319	68,725	92,323	92,659	110,021
Other instruction	28,894	75,840	110,978	201,019	153,433
Support Services:					
Tuition	754,620	975,813	788,806	586,890	793,360
Student & instruction related services	1,374,708	1,563,613	1,656,731	1,623,025	1,332,627
General administrative services	496,933	437,411	468,112	523,670	377,382
School Administrative services	353,788	377,121	349,906	362,922	320,149
Central Services	425,213	442,953	456,614	555,680	446,075
Business administrative services					
Plant operations and maintenance	1,018,287	1,105,274	1,200,623	1,189,694	1,218,936
Pupil transportation	444,921	591,623	494,102	510,442	605,773
Unallocated employee benefits	3,353,326	3,641,524	3,212,443	2,872,543	3,167,513
Charter Schools	17,563	3,167	19,851	11,576	10,258
Capital outlay	13,860,424	1,971,797	1,104,969	143,003	54,016
Debt Service:					
Principal	46,316	497,778	534,327	550,900	592,593
Interest and Other Charges	580,168	819,045	796,447	772,673	747,609
Total expenditures	<u>28,618,028</u>	<u>18,783,674</u>	<u>18,167,150</u>	<u>17,285,825</u>	<u>16,768,154</u>
Excess (Deficiency) of revenues over (under) expenditures	(12,676,483)	(1,420,108)	(1,899,909)	(416,859)	(51,676)
Other Financing sources (uses)					
Capital leases (non-budgeted)	37,853	97,945			
Bond proceeds					
Transfers in	767,676	452,069	40,683	5,375	
Transfers out	(767,676)	(470,311)	(40,683)	(5,375)	
Total other financing sources (uses)	<u>37,853</u>	<u>79,703</u>	<u>-</u>	<u>(0)</u>	<u>-</u>
Net change in fund balances	<u>\$ (12,638,629)</u>	<u>\$ (1,340,405)</u>	<u>\$ (1,899,909)</u>	<u>\$ (416,859)</u>	<u>\$ (51,676)</u>
Debt service as a percentage of noncapital expenditures	4.245%	7.833%	7.800%	7.721%	8.018%

WANAQUE BOARD OF EDUCATION

General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Misc.	Total
2002	33,948		25,000	58,948
2003	7,622		34,042	41,664
2004	12,599	69,542	323,772	405,913
2005	27,174		87,753	114,927
2006	61,821		32,214	94,035
2007	831,132		142,287	973,419
2008	66,915		114,161	181,076
2009	33,876	258,841	13,035	305,752
2010	14,261	164,608	96,685	275,554
2011	4,866	204,950	33,264	243,080

Source: District Records

WANAUKE BOARD OF EDUCATION

Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm, Reg.	Cfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2001	24,034,900	407,776,574	127,300	13,300	42,283,220	14,612,290	1,588,100	490,435,684	1,163,374	491,599,058	1.440	628,204,863
2002	24,284,800	410,713,974	127,300	13,300	41,727,020	14,478,790	1,600,100	492,945,284	1,117,268	494,062,552	1.550	676,381,838
2003	25,053,900	412,696,674	127,300	13,300	42,722,820	13,578,790	1,600,100	495,792,884	1,008,150	496,801,034	1.660	761,081,733
2004	25,166,700	413,441,174	127,300	13,300	42,837,720	13,077,890	1,600,100	496,264,184	858,318	497,122,502	1.770	858,118,559
2005	25,063,200	413,565,074	127,300	13,300	43,334,120	12,895,390	1,600,100	496,598,484	853,956	497,452,440	1.870	942,085,685
2006	21,801,500	439,711,174	0	0	42,899,120	12,895,390	1,600,100	518,907,284	686,471	519,593,755	1.880	1,122,087,188
2007	24,877,300	483,491,974	0	0	42,143,720	10,828,090	1,600,100	562,941,184	637,511	563,578,695	2.030	1,348,849,124
2008	24,025,200	498,917,774	0	0	40,972,420	10,828,090	1,600,100	576,343,584	677,148	577,020,732	3.093	1,425,532,571
2009	25,113,400	498,394,774	0	0	40,494,020	10,828,090	1,600,100	576,430,384	726,242	577,156,626	2.010	1,403,083,133
2010	24,185,700	502,053,074	0	3,800	41,896,720	10,591,890	1,600,100	580,331,284	0	580,331,284	2.072	1,388,159,406

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

WANAQUE BOARD OF EDUCATION

**Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Wanaque Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Regional School District	Borough of Wanaque	Passaic County	
2001	1.406	0.034	1.44	0.86	0.89	0.76	3.95
2002	1.536	0.014	1.55	0.88	0.91	0.84	4.18
2003	1.660		1.66	0.92	1.07	0.89	4.54
2004	1.770		1.77	1.02	1.08	0.95	4.82
2005	1.870		1.87	1.05	1.13	1.00	5.05
2006	1.868	0.012	1.88	1.12	1.13	1.13	5.26
2007	2.009	0.021	2.03	1.17	1.135	1.19	5.52
2008	1.895	0.021	1.92	1.18	1.33	1.26	5.68
2009	1.991	0.021	2.01	1.23	1.37	1.22	5.84
2010	0.867	1.2047	2.07	1.30	1.46	1.28	6.11

Source: District Records and Municipal Tax Collector

Note:

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

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

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

WANAQUE BOARD OF EDUCATION

Principal Property Tax Payers,
Current Year and Nine Years Ago

Taxpayer	2010				2002			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		
North Jersey District Water Supply Comm.	\$ 16,139,500	1	2.78%	\$ 16,155,800	1	3.27%		
Wanaque Convalescent Center LP	9,240,300	2	1.59%	9,240,300	2	1.87%		
DeRubbio & McCauly	5,666,200	3	0.98%	5,666,200	3	1.15%		
Pulte Communities NJ	3,625,200	4	0.62%					
Arrow ACQ c/o Overseas Partners	2,652,200	5	0.46%	3,317,300	5	0.67%		
Wanaque Building Associates	2,500,000	6	0.43%					
Shree Badha Shivan, LLC	2,268,000	7	0.39%					
Algonquin Gas Transmission	2,086,890	8	0.36%					
Wanaque Realty Corp.	1,984,500	9	0.34%					
Haskell Properties	1,517,500	10	0.26%					
Fairfew Partnership (Foodtown)				2,600,000	7	0.53%		
Algonquin Gas Transmission				3,840,000	4	0.78%		
Power Hollow Assoc.				2,086,890	8	0.42%		
U.S. Aluminum				2,751,300	6	0.56%		
Haskell Products Inc.				1,300,000	9	0.26%		
Total	\$ 47,680,290		8.21%	\$ 48,207,790		9.76%		

Source: District CAFR & Municipal Tax Assessor

WANAQUE BOARD OF EDUCATION

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	7,403,429	7,403,429	100.00%	-
2003	7,928,087	7,928,087	100.00%	-
2004	8,534,783	8,534,783	100.00%	-
2005	9,067,150	9,067,150	100.00%	-
2006	9,493,970	9,493,970	100.00%	-
2007	10,644,596	10,644,596	100.00%	-
2008	11,343,260	11,343,260	100.00%	-
2009	11,167,407	11,167,407	100.00%	-
2010	11,642,356	11,642,356	100.00%	-
2011	12,283,963	12,283,963	100.00%	-

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

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

WANAQUE BOARD OF EDUCATION

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income	Per Capita ^a
	General Obligation Bonds ^b	Capital Leases			
2002	67,000	62,363	129,363	0.04%	13
2003	-	50,550	50,550	0.01%	5
2004	-	58,289	58,289	0.02%	6
2005	-	145,053	145,053	0.04%	14
2006	18,276,000	99,912	18,375,912	4.37%	1,766
2007	18,276,000	84,691	18,360,691	3.91%	1,678
2008	17,826,000	146,784	17,972,784	3.56%	1,564
2009	17,341,000	98,003	17,439,003	3.55%	1,444
2010	16,841,000	69,716	16,910,716	N/A	N/A
2011	16,301,000	41,688	16,342,688	N/A	N/A

Source: District CAFR

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

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

WANAQUE BOARD OF EDUCATION
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	67,000	-	67,000	0.01%	7
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	18,276,000	-	18,276,000	3.52%	1,756
2007	18,276,000	-	18,276,000	3.24%	1,670
2008	17,826,000	-	17,826,000	3.09%	1,551
2009	17,341,000	-	17,341,000	3.00%	1,436
2010	16,841,000	-	16,841,000	2.90%	1,387
2011	16,301,000	-	16,301,000	N/A	N/A

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

a See Exhibit NJ J-6 for property tax data.

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

WANAQUE BOARD OF EDUCATION

Direct and Overlapping Governmental Activities Debt
Year Ended June 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Wanaque	12,426,931	100.000%	12,426,931
Other debt			
Passaic County	373,881,844	1.718%	6,424,692
Passaic County Utility Authority	59,080,000	1.718%	1,015,216
Subtotal, overlapping debt			19,866,839
Wanaque Borough School District Direct Debt			<u>16,301,000</u>
Total direct and overlapping debt			<u>\$ 36,167,839</u>

Sources: Borough of Wanaque Finance Officer, Passaic County Finance Office and Utility Authorities

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

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

WANAQUE BOARD OF EDUCATION

Legal Debt Margin Information,
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2010	\$ 1,349,293,848
2009	1,372,126,598
2008	1,397,196,567
	<u>[A] \$ 4,118,617,013</u>
Average equalized valuation of taxable property	[A/3] \$ 1,372,872,338
Debt limit (3 % of average equalization value)	[B] 41,186,170 ^a
Net bonded school debt	[C] 16,301,000
Legal debt margin	<u>[B-C] \$ 24,885,170</u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 18,332,487	\$ 20,269,413	\$ 22,727,930	\$ 24,516,740	\$ 28,562,378	\$ 32,440,697	\$ 36,944,417	\$ 40,225,350	\$ 41,562,194	\$ 41,186,170
Total net debt applicable to limit	<u>67,000</u>	-	-	-	<u>2,006</u>	<u>18,276,000</u>	<u>17,826,000</u>	<u>17,341,000</u>	<u>16,841,000</u>	<u>16,301,000</u>
Legal debt margin	<u>\$ 18,265,487</u>	<u>\$ 20,269,413</u>	<u>\$ 22,727,930</u>	<u>\$ 24,516,740</u>	<u>\$ 28,560,372</u>	<u>\$ 14,164,697</u>	<u>\$ 19,118,417</u>	<u>\$ 22,884,350</u>	<u>\$ 24,721,194</u>	<u>\$ 24,885,170</u>
Total net debt applicable to the limit as a percentage of debt limit	0.37%	0.00%	0.00%	0.00%	0.01%	56.34%	48.25%	43.11%	40.52%	39.56%

Source: Abstract of Ratables and District Records.

^a Limit set by N.J.S.A. 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

WANAQUE BOARD OF EDUCATION
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2001	10,304	327,110,784	31,746	4.4%
2002	10,295	332,662,335	32,313	5.9%
2003	10,293	337,682,451	32,807	6.1%
2004	10,235	345,134,435	33,721	4.6%
2005	10,406	371,483,794	35,699	3.5%
2006	10,945	420,200,440	38,392	3.6%
2007	11,495	469,513,275	40,845	3.3%
2008	12,077	504,287,212	41,756	4.3%
2009	12,144	491,054,784	40,436	8.4%
2010	N/A	N/A	N/A	8.6%

Source:

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

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

^c Per Capita Personal Income provided by U.S. Department of Commerce, Bureau of Economic Analysis.

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

WANAQUE BOARD OF EDUCATION

Principal Employers,
Current Year and Eight Years Ago

Employer	2010			2000		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Wanaque Convalescent Center			N/A			N/A
Lakeland Regional Board of Education			N/A			N/A
Lakeland Health Care Center			N/A			N/A
North Jersey District Water Supply Commission			N/A			N/A
Wanaque Board of Education			N/A			N/A
Borough of Wanaque			N/A			N/A
General Ceramics Division			N/A			N/A
National Beryllia Corp.			N/A			N/A
American Candle Co., Inc.			N/A			N/A
Poly Molding Corp.			N/A			N/A
	-		0.00%	-		0.00%

Source: Prior years Bond Sales Appendix A

WANAQUE BOARD OF EDUCATION

Full-time Equivalent District Employees by Function/Program,

Last Ten Fiscal Years (*)

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction	63	64	63	63	65	65	60	61	62	56
Regular	13	15	13	15	15	16	19	19	20	40
Special education	6	7	7	10	8	9	13	20	18	-
Other instruction										
Support Services:	12	12	14	10	14	14	13	13.5	11.0	-
Tuition	3	3	3	3	2	3	2	2	2	13
Student & instruction related services	7	6	6	5	5	5	8	8	8	7
General administrative services	4	4	4	4	4	4	4	4	2	3
Business administrative services	1	1	1	1	1	1	1	-	3	3
Plant operations and maintenance	10	10	10	10	10	11	11	3	-	12
Pupil transportation										
Total	119	122	121	121	124	128	131	131	126.0	134.0

Source: District Personnel Records

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2003 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

WANAQUE BOARD OF EDUCATION

Operating Statistics

Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Elementary	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	1,013	10,543,443	10,408	7.03%	95	10.7		1,027.3	983.3	3.04%	95.72%
2003	1,039	11,036,124	10,622	2.05%	95	10.9		1,028.6	985.8	0.13%	95.84%
2004	1,025	11,640,484	11,357	6.92%	97	10.6		1,033.1	993.8	0.44%	96.20%
2005	1,034	12,538,125	12,126	6.77%	91	11.4		1,026.0	983.2	-0.69%	95.83%
2006	1,010	13,321,422	13,190	8.77%	97	10.4		1,002.0	956.0	-2.34%	95.41%
2007	995	14,131,120	14,202	7.68%	94	10.6		982.2	939.2	-1.98%	95.62%
2008	969	15,495,054	15,991	12.59%	86	11.3		992.9	957.8	1.08%	96.46%
2009	950	15,731,407	16,559	3.56%	93.5	10.2		949.7	905.1	-5.83%	95.30%
2010	941	15,819,249	16,811	1.52%	93.5	10.2		918.2	909.7	-3.32%	96.67%
2011	942	15,373,936	16,321	-2.92%	79.2	19:12		934.5	893.8	1.78%	94.88%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

WANAQUE BOARD OF EDUCATION

School Building Information

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>District Building</u>										
<u>Elementary</u>										
Haskell School (1917)	70,225	70,225	70,225	70,225	70,225	70,225	70,225	70,225	70,225	70,225
Square Feet	469	469	469	469	469	469	469	469	469	469
Capacity (students)	456	468	461	465	455	443	403	407	407	403
Enrollment										
Wanaque School (1971)	81,100	81,100	81,100	81,100	81,100	81,100	81,800	81,800	81,800	81,800
Square Feet	574	574	574	574	574	574	574	574	574	574
Capacity (students)	557	571	564	569	556	571	566	543	543	535
Enrollment										
<u>Other</u>										
Central Administration (1905)	N/A									
Square Feet										
Central Administration (1965)	2,000	2,000	2,000	2,000	N/A	N/A	N/A	N/A	N/A	N/A
Square Feet										
Central Administration (1917)	N/A	N/A	N/A	N/A	2,260	2,260	2,260	2,260	2,260	2,260
Square Feet										

Number of Schools at June 30, 2011
Elementary = 2

Source: District records, ASSA

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

WANAQUE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
LAST TEN FISCAL YEARS
UNAUDITED

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

*School Facilities	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
HASKELL SCHOOL	68,147	40,961	70,792	55,927	52,668	35,049	66,202	261,124	226,534	224,426
WANAQUE SCHOOL	66,395	49,038	81,777	65,555	60,840	69,680	59,704	257,362	269,661	226,863
OTHER FACILITIES	-	-	-	-	-	-	1,000	12,569	54,800	69,500
GRAND TOTAL	<u>134,542</u>	<u>89,999</u>	<u>152,569</u>	<u>121,482</u>	<u>113,508</u>	<u>104,729</u>	<u>126,906</u>	<u>531,056</u>	<u>550,995</u>	<u>520,789</u>

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

Source: District Records

WANAQUE BOARD OF EDUCATION

**Insurance Schedule
June 30, 2011
Unaudited**

	<u>Coverage</u>	<u>Deductible</u>
Package - NJSBAIG		
Property-blanket building and contents	\$ 30,848,512	\$ 5,000
Crime coverage	250,000	1,000
Comprehensive general liability	11,000,000	
Business auto coverage	11,000,000	1,000
Employee Benefit Liability	11,000,000	1,000
Environmental Impairment - American Safety	1,000,000	10,000
Boiler and machinery - New Jersey School Board Association Ins. Group	100,000,000	5,000
Umbrella - CAP Program - Fireman's Fund	50,000,000	
Educators Legal Liability	11,000,000	5,000
Workers Compensation - New Jersey School Board Association Ins. Group	2,000,000	
Public Officials Surety Bonds - CAN Surety Treasurer of School Monies	250,000	
Student Accident Coverage - New Jersey School Board Association Ins. Group		
Catastrophic Aggregate Limit	5,000,000	
Catastrophic Cash Benefit	1,000,000	
Coverage - Accident/Medical - Per Injury	5,000,000	

Source: District Records

SINGLE AUDIT SECTION

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

K-1
Page 1 of 3

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

Honorable President and
Members of the Board of Education
Borough of Wanaque School District
County of Passaic
Haskell, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Borough of Wanaque School District in the County of Passaic, State of New Jersey as of and for the fiscal year ended June 30, 2011, which collectively comprise the basic financial statements of the Board of Education of the Borough of Wanaque School District in the County of Passaic and have issued our report thereon dated November 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Borough of Wanaque Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough of Wanaque 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 Borough of Wanaque Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Wanaque 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However on August 23, 2011, the New Jersey Department of Education completed a follow-up review of the District's corrective action plan submitted in response to the ARRA monitoring report dated November 10, 2010. The funding sources reviewed include titled programs for the American Recovery and Reinvestment Act (ARRA) in particular, and/or No Child Left Behind Act (NCLB), the Individuals with Disabilities Education Act (IDEA) and State Fiscal Stabilization Funds (Education Stabilization Funds and Government Stabilization Fund). They identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Finding and Questioned Costs that they consider to be significant deficiencies in internal control over financial reporting listed as Finding 11-02. A significant deficiency is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Wanaque 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, however, the New Jersey Department of Education in their follow-up review disclosed instances of noncompliance on other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 11-01.

Also, we noted certain matters that we reported to the Board of Education of the Borough of Wanaque School District in a separate report entitled, *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 16, 2011.

The Borough of Wanaque Board of Education's responses to the State of New Jersey Department of Education findings identified in our audit are described in the accompany Schedule of Findings and Questioned Costs. We did not audit the Borough of Wanaque Board of Education's response and, accordingly, we express no opinion on it.

Honorable President and
Members of the Board of Education

K-1
Page 3 of 3

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



Thomas M. Ferry, C.P.A.
Licensed Public School Accountant
No. 20CS00209100

Ferraioli, Wielkutz, Cerullo, & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

November 16, 2011



Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

K-2

Page 1 of 3

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 N.J. OMB CIRCULAR 04-04

Honorable President and
Members of the Board of Education
Borough of Wanaque School District
County of Passaic
Haskell, New Jersey

Compliance

We have audited the Board of Education of the Borough of Wanaque School District in the County of Passaic, State of New Jersey compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011. The Borough of Wanaque Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Borough of Wanaque Board of Education's management. Our responsibility is to express an opinion on the Borough of Wanaque 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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the provisions the New Jersey State Treasury Circular Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Wanaque 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 of the Borough of Wanaque Board of Education's compliance with those requirements.



In our opinion, the Board of Education of the Borough of Wanaque School District, in the County of Passaic, State of New Jersey, 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 federal and state programs for the fiscal year ended June 30, 2011.

However on August 23, 2011, the New Jersey Department of Education completed a follow-up review of the District's corrective action plan submitted in response to the ARRA monitoring report dated November 10, 2010. The funding sources reviewed include titled programs for the American Recovery and Reinvestment Act (ARRA) in particular, and/or No Child Left Behind Act (NCLB), the Individuals with Disabilities Education Act (IDEA) and State Fiscal Stabilization Funds (Education Stabilization Funds and Government Stabilization Fund). The results of their testing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 11-01.

Internal Control Over Compliance

The management of the Board of Education of the Borough of Wanaque School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Borough of Wanaque Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or 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 N.J. 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 effective of the Borough of Wanaque Board of Education's internal control over compliance.

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

Our consideration of the 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 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. However, the State of New Jersey Department of Education in their follow-up review identified certain deficiencies in internal control over compliance that they consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as Finding 11-02.

Honorable President and
Members of the Board of Education

K-2
Page 3 of 3

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



Thomas M. Ferry, C.P.A.
Licensed Public School Accountant
No. 20CS00209100

Ferraioli, Wielkutz, Cerullo, + Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

November 16, 2011

BOROUGH OF WANAEUE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ending June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period From / To	Balance at June 30, 2010 (Accounts Receivable)	Deferred Revenue	Cash Received	Budgetary Expenditures	Balance at June 30, 2011 (Accounts Receivable)	Deferred Revenue	MEMO Cumulative Total Expenditures	
U.S. Department of Agriculture												
Passed - through State Department of Education:												
Enterprise Fund:												
Food Distribution Program	10.550	N/A	18,154.54	7/1/10-6/30/11		4,228.74	18,154.54	(18,526.27)		3,857.01	18,526.27	
National School Lunch Program	10.555	N/A	79,998.72	7/1/09-6/30/11	(6,864.27)		6,864.27					
National School Lunch Program	10.555	N/A	87,705.14	7/1/10-6/30/11			80,545.94	(87,705.14)	(7,159.20)		87,705.14	
School Breakfast Program	10.553	N/A	1,322.40	7/1/09-6/30/11	(138.52)		138.52					
School Breakfast Program	10.553	N/A	1,675.98	7/1/10-6/30/11	(10.08)		1,535.04	(1,675.98)	(140.94)		1,675.98	
Special Milk Program	10.556	N/A	75.68	7/1/09-6/30/11			290.22	(294.13)	(3.91)		294.13	
Special Milk Program	10.556	N/A	294.13	7/1/10-6/30/11	(7,012.87)	4,228.74	107,538.61	(108,201.52)	(7,304.05)	3,857.01	108,201.52	
Total Enterprise Fund												
U.S. Department of Education												
Passed - through State Department of Education:												
Special Revenue Fund:												
Title I - Improving Basic Programs	84.010	NCLB544009	105,071.00	9/1/08-8/31/09	(7,395.00)				(7,395.00)			
Title I - Improving Basic Programs	84.010	NCLB544010	107,179.00	9/1/09-8/31/10	(5,558.00)		23,395.20	(20,073.20)	(2,237.00)		20,073.20	
ARRA - Title I - Part A	84.389	ARRA544011	95,214.00	9/1/10-8/31/11			44,728.81	(91,227.46)	(46,498.68)		91,227.46	
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	NCLB544009	34,462.00	9/1/09-8/31/09	(2,589.95)				(2,589.95)			
Title II - Part A - Teacher & Principal Training/Recruiting	84.367	NCLB544010	34,911.00	9/1/09-8/31/10	(8,012.02)		24,372.00	(20,433.98)	(7,894.99)		20,433.98	
Title II - Part A - Teacher & Principal Training/Recruiting	84.318	NCLB544011	57,200.00	9/1/10-8/31/11			835.98	(7,124.50)	(7,124.50)		7,124.50	
Title II - Part D - Enhancing Educ. Through Technology	84.318	NCLB544010	1,074.00	9/1/09-8/31/10	(835.98)			(144.00)	(824.00)		144.00	
Title II - Part D - Enhancing Educ. Through Technology	84.318	NCLB544011	1,067.00	9/1/10-8/31/11	(680.00)			(149.00)	(149.00)		149.00	
Title IV - Sale and Drug Free Schools	84.186	NCLB544009	2,862.00	9/1/08-8/31/09	(1,874.00)		1,022.00		(1,674.00)			
ID.E.A. Part B - Basic Regular	84.027	IDEA544010	2,776.00	9/1/09-8/31/10	(1,022.00)			(3,386.07)	(18,988.11)		3,386.07	
ID.E.A. Part B - Basic Regular	84.027	IDEA544011	246,061.00	9/1/08-8/31/09	(15,600.04)		228,294.00	(11,342.46)	(14,670.00)		11,342.46	
ARRA - IDEA - Part B	84.391	ARRA544011	243,964.00	9/1/09-8/31/10	(232,821.54)		150,382.00	(219,352.75)	(68,970.75)		219,352.75	
ID.E.A. Part B, Preschool	84.173	IDEA544010	241,847.00	9/1/10-8/31/11	(5,963.75)		60,318.00	(54,334.25)	(7,635.00)		54,334.25	
ID.E.A. Part B, Preschool	84.173	IDEA544011	15,390.00	9/1/09-8/31/10	(13,586.00)		5,068.00	(12,723.00)	(1,510.00)		12,723.00	
ARRA - ID.E.A. Part B, Preschool	84.392	ARRA644010	13,586.00	9/1/09-8/31/10	(1,588.00)		12,076.00		(1,510.00)			
Total Special Revenue Fund												
Total Federal Financial Awards												
					(323,532.15)	4,228.74	676,189.61	(548,494.22)	(185,465.03)	3,857.01	548,494.22	

BOROUGH OF WANAOQUE SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ending June 30, 2011

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	Balance at June 30, 2011		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2011		MEMO
				Deferred Revenue (Accts Receivable)	Due to Grantor				(Accounts Receivable)	Due to Grantor	
											Cumulative Total Expenditures
State Department of Education:											
General Fund:											
On-behalf T.P.A.F. Post Retirement Medical	11-495-034-5095-001	469,710.00	7/1/10-6/30/11			469,710.00	(469,710.00)				469,710.00
On-behalf T.P.A.F. NCCA Premium	11-495-034-5095-007	22,114.00	7/1/10-6/30/11			22,114.00	(22,114.00)				22,114.00
Reimbursed TPAP Social Security	10-495-034-5095-002	563,985.70	7/1/09-6/30/10	(27,608.67)		27,608.67					529,168.98
Reimbursed TPAP Social Security	11-495-034-5095-002	529,168.98	7/1/10-6/30/11			529,168.98	(529,168.98)		(1,074.66)		1,524,541.00
Equalization Aid	11-495-034-5120-078	1,524,541.00	7/1/10-6/30/11			1,524,541.00	(1,524,541.00)				506,131.00
Special Education Categorical Aid	11-495-034-5120-088	506,131.00	7/1/10-6/30/11			506,131.00	(506,131.00)				96,313.00
Extraordinary Special Education Costs Aid	10-100-034-5120-473	111,626.00	7/1/09-6/30/10	(111,626.00)							7,500.47
Extraordinary Special Education Costs Aid	11-100-034-5120-473	96,313.00	7/1/10-6/30/11			96,313.00	(96,313.00)				7,500.47
Non Public Transportation Aid	10-100-034-5120-068	6,656.00	7/1/09-6/30/10	(6,656.00)							3,155,478.45
Non Public Transportation Aid	11-100-034-5120-068	7,500.47	7/1/10-6/30/11			3,196,460.97	(3,155,478.45)				438,692.00
Total General Fund				(145,980.67)		438,692.00	(438,692.00)				438,692.00
Debt Service Fund:											
Debt Service Aid - Type 2	11-100-034-5120-125	438,692.00	7/1/10-6/30/11			438,692.00	(438,692.00)				438,692.00
Total Debt Service Fund						438,692.00	(438,692.00)				438,692.00
Special Revenue Fund:											
N.J. Nonpublic Aid:											
Textbook Aid	11-100-034-5120-064	6,707.00	7/1/10-6/30/11			6,707.00	(6,698.07)			8.93	6,698.07
Textbook Aid	10-100-034-5120-064	9,007.00	7/1/09-6/30/10	33.59				(33.59)			
Auxiliary Services:											
Compensatory Education	10-100-034-5120-067	36,468.00	7/1/09-6/30/10								
Compensatory Education	11-100-034-5120-067	49,396.00	7/1/10-6/30/11			49,396.00	(20,094.48)	(2,014.77)			20,094.48
English as a Second Language	11-100-034-5120-067	2,732.00	7/1/10-6/30/11	2,014.77		2,732.00				29,303.52	
Transportation Aid	11-100-034-5120-068	19,857.00	7/1/10-6/30/11			19,857.00	(19,857.00)			2,732.00	19,857.00
Technology Aid	10-100-034-5120-373	5,000.00	7/1/09-6/30/10							(5,000.00)	
Nonpublic Nursing	10-100-034-5120-070	9,496.00	7/1/09-6/30/10	4.29		7,947.00	(7,947.00)	(4.29)			7,947.00
Nonpublic Nursing	11-100-034-5120-070	7,947.00	7/1/10-6/30/11								
Handicapped Services:											
Supplemental Instruction	10-100-034-5120-066	18,114.00	7/1/09-6/30/10					(8,362.60)			
Supplemental Instruction	11-100-034-5120-066	12,507.00	7/1/10-6/30/11	8,362.60		12,507.00	(7,762.12)			4,724.88	7,762.12
Examination and Classification	10-100-034-5120-066	19,854.00	7/1/09-6/30/10					(9,663.46)			
Examination and Classification	11-100-034-5120-066	18,018.00	7/1/10-6/30/11	9,663.46		18,018.00	(10,366.27)			7,651.73	10,366.27
Corrective Speech	10-100-034-5120-068	12,285.00	7/1/09-6/30/10					(4,663.05)			
Corrective Speech	11-100-034-5120-068	7,041.00	7/1/10-6/30/11			7,041.00	(4,615.71)			2,425.29	4,615.71
Total Special Revenue Fund				(5,000.00)	24,761.76	124,207.00	(77,350.65)	(24,761.76)	(5,000.00)	46,846.35	77,350.65
State Department of Agriculture											
Enterprise Fund:											
National School Lunch Program	10-100-010-3350-023	4,617.14	7/1/09-6/30/10	(689.90)		389.90					3,457.56
National School Lunch Program	11-100-010-3350-023	3,457.56	7/1/10-6/30/11			3,140.81	(3,457.56)		(316.75)		
State School Breakfast Program	10-100-010-3350-021	207.64	7/1/09-6/30/10	(18.20)		18.20					3,457.56
State School Breakfast Program	11-100-010-3350-021	207.64	7/1/10-6/30/11	(408.10)		3,546.91	(3,457.56)		(316.75)		
Total Enterprise Fund				(151,298.77)	24,761.76	3,762,928.98	(3,674,988.65)	(24,761.76)	(110,204.90)	46,846.35	3,674,988.65
Total State Financial Assistance											

See accompanying notes to Schedule of Expenditures of Federal awards and State Financial Assistance.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all Federal and State Award programs of the Board of Education, Borough of Wanaque School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2 (C) and 2(D) to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more state aid June 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 \$39,073.00 for the general fund and \$31,037.85 for the special revenue fund. See Note 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 on the following page:

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$3,194,551.45	\$3,194,551.45
Special Revenue Fund	471,402.82	77,288.38	548,691.20
Debt Service Fund	-	438,692.00	438,692.00
Food Service Fund	<u>108,201.52</u>	<u>3,457.56</u>	<u>111,659.08</u>
Total Financial Awards	<u>\$579,604.34</u>	<u>\$3,713,989.39</u>	<u>\$4,293,593.73</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

Borough of Wanaque School District had the following loan balances outstanding at June 30, 2011:

Safe Schools Program	\$ 33,492.68
Small Projects Program	<u>135,480.49</u>
	<u>\$168,973.17</u>

NOTE 6. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2011. TPAF Social Security Contributions 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.

**BOROUGH OF WANAQUE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified? X yes none reported

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

Any audit findings disclosed that are required to be reported
In accordance with section .510(a) of Circular A-133? X yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.391</u>	<u>A.R.R.A. - I.D.E.A. Part B</u>
<u>84.027</u>	<u>I.D.E.A. Part B - Basic</u>
<u>84.173</u>	<u>I.D.E.A. Part B - Preschool</u>

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk audited? yes X no

**BOROUGH OF WANAQUE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

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

2) Significant deficiencies identified that are not
 Considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported
in accordance with NJOMB Circular Letter 04-04? yes X no

Identification of major programs

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>11-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>11-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>11-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security</u>
<u>11-495-034-5095-001</u>	<u>On-Behalf TPAF Contribution - Post</u>
	<u>Retirement Medical</u>
<u>11-100-034-5120-125</u>	<u>Debt Service Aid - Type 2</u>

**BOROUGH OF WANAQUE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

Section II - Schedule of Financial Statement Findings

NONE

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

The following are the findings of the New Jersey Department of Education in a report dated August 23, 2011.

“The New Jersey Department of Education has completed a follow-up review of the District’s corrective action plan submitted in response to the ARRA Monitoring Report dated November 10, 2010. The purpose of the follow-up review was to determine if the District had successfully implemented the agreed upon corrective actions in accordance with the time line established by the corrective action plan.” The funding sources reviewed included titled programs for the American Recovery and Reinvestment Act (ARRA) in particular, and/or No Child Left Behind Act (NCLB), the Individuals and Disabilities Education Act (IDEA) and State Fiscal Stabilization Funds (Education Stabilization Fund and Government Stabilization Fund). The review covered the period July 1, 2010 through June 30, 2011.

**BOROUGH OF WANAQUE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs
(continued)

Finding 11-01

U.S. Department of Education passed - through State Department of Education:

84.027 - IDEA - Part B - Basic - IDEA 544011 - 9/1/10 - 8/31/11

84.391 - ARRA - IDEA -Part B - ARRA 544011 - 9/1/10 - 8/31/11

84.173 - IDEA - Part B - Preschool - IDEA 544011 - 9/1/10 - 8/31/11

Criteria or specific requirement:

EDGAR, PART 80 - *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems.

Condition:

The district failed to formally appoint one individual charged to IDEA Preschool by board resolution.

Questioned Costs:

N/A

Context:

IDEA Preschool.

Effect:

A teacher was not approved by resolution.

Cause:

Not following grant requirements stated above.

Recommendation:

All staff charged against grants should be reappointed annually by board resolution.

Management Response:

All staff charged against a grant will be reappointed annually by board resolution

**BOROUGH OF WANAQUE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs
(continued)

Finding 11-02

U.S. Department of Education passed- through State Department of Education:
84.027 - IDEA - Part B - Basic Regular - IDEA 544011 - 9/1/10 - 8/31/11
84.391 - ARRA - IDEA -Part B - ARRA 544011 - 9/1/10 - 8/31/11

Criteria or specific requirement:

Uniform Minimum Chart of Accounts for New Jersey Public Schools, EDGAR, PART 80 -
Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Section 20, Standards for financial management systems.

Condition:

There were errors in account coding to the appropriate general ledger accounts per the Uniform Chart of Accounts.

Questioned Costs:

Not available from state.

Context:

Possibly all grants.

Effect:

Not classifying expenditures correctly per grant award notices.

Cause:

Not following Uniform Minimum Chart of Accounts.

Recommendation:

All district expenditures should be recorded in the proper general ledger account with the Uniform Minimum Chart of Accounts.

Management Response:

The business office makes every effort to correctly code all expenses as per the Uniform Chart of Accounts.

**BOROUGH OF WANAQUE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Status of Prior Year Findings

On August 23, 2011, the New Jersey Department of Education conducted a follow-up review of the Wanaque Board of Education's Corrective Action Plan submitted in response to the ARRA Monitoring Report, dated November 10, 2010. Based on the results of the follow up review it was determined that corrective actions was taken on all except the following which has not been fully implemented:

1. All staff charged against grants should be reappointed annually by Board resolution.
2. All District expenditures should be recorded in the proper general ledger account with the Uniform Minimum Chart of Accounts.