

# **Comprehensive Annual Financial Report**

**of the**

**East Newark Borough Board of Education**

**East Newark, New Jersey**

**For the Fiscal Year Ended June 30, 2012**

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## INTRODUCTORY SECTION

# East Newark Public School

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William Shlala  
Superintendent/Principal

501-11 North Third Street  
East Newark, NJ 07029  
(973) 481-6800  
Fax# (973) 485-1344

October 8, 2012

Members of the Board of Education  
East Newark School District  
County of Hudson, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the East Newark Borough School District (District) for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education.

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position 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: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the 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. This District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendment of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*; and the State Treasury Circular Letter 04-04 OMB "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, are included in the single audit section of this report.

## **1) REPORTING ENTITY AND ITS SERVICES**

The East Newark Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The East Newark Borough Board of Education and all its schools constitute the District's reporting entity.

**1) REPORTING ENTITY AND ITS SERVICES (Continued)**

The District provides a full range of educational services appropriate to grade levels Kindergarten through 8. The District completed the 2011-2012 school year with an enrollment of 238 students. The following details the changes in the student enrollment of the District over the last five years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-12	238	-0.01%
2010-11	241	4.78%
2009-10	230	-4.96%
2008-09	242	10.10%
2007-08	219	0.05%

**2) ECONOMIC CONDITION AND OUTLOOK**

The Borough is an established town with little changes likely.

**3) MAJOR INITIATIVES**

Students in each classroom, Pre-K through 8, as well as Bilingual, Resource Center, Basic Skills rooms and LEP, small instructional areas have daily access to at least two computer setups. All of the computers in the school building have been wired for networking.

**Preschool**

Commencing September 1997, the East Newark Borough School District has instituted an inclusive Preschool Program for the children of East Newark. This program is now full-time with an enrollment of 16 students this past school year.

**Extended Day Program and Summer Program**

The District has initiated an extended day program to provide additional assistance to LEP students, Basic Skills Language and Mathematics students, and GEPA, NJASK 3 through NJASK 7, language and math assistance to third through eighth grade students. This program was instituted in order to build self-esteem and to insure that all of our students will be prepared to meet the New Jersey State Core Curriculum Standards. A Summer Program also is designed to assist students for the GEPA NJASK 3 through NJASK 7.

**Construction Services**

The District during the 2010-2011 School year authorized and completed major repairs to the roof at the School. During the 2011-2012 School year, the School District authorized replacement of the HVAC throughout the School.

**Multicultural Studies - Holocaust - Substance Awareness**

Incorporated within each of the curriculums are studies on multiculturalism and the holocaust.

**Gifted and Talented**

Our students continue to be involved in an in-depth language program as well as participate in countrywide Gifted and Talented Programs.

**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 is also 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 subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal 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 insure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Perfect-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriation of fund balance in the subsequent year.

Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2012.

**6) ACCOUNTING SYSTEM AND REPORTS**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 2.

**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 and special revenue fund for the fiscal year ended June 30, 2012.

<u>Revenue</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase (Decrease)</u>	<u>Percent of Change</u>
Local Sources	\$ 1,275,036.96	23.63 %	\$ 6,789.41	0.53 %
State Sources	3,458,837.74	64.10	216,642.87	6.64
Federal Sources	<u>662,200.79</u>	<u>12.27</u>	<u>367,552.85</u>	124.81
Total	<u>\$ 5,396,075.49</u>	<u>100.00 %</u>	<u>\$ 590,985.13</u>	

**7) FINANCIAL INFORMATION AT FISCAL YEAR-END (Continued)**

The following schedule presents a summary of the general fund and special revenue fund expenditures for the fiscal year ended June 30, 2012:

<u>Expenditures</u>	<u>Amount</u>	<u>% of Total</u>	<u>Increase (Decrease)</u>	<u>Percent of Change</u>
<u>Current Expense</u>				
Instruction	\$ 1,350,495.53	26.63 %	\$ 271,760.95	25.13%
Undistributed Expenditures	<u>3,720,920.28</u>	<u>73.37</u>	<u>230,779.17</u>	6.61%
Total	<u>\$ 5,071,415.81</u>	<u>100.00 %</u>	<u>\$ 502,540.12</u>	

**8) DEBT ADMINISTRATION**

East Newark is a Type I School District, and as such, all debt is municipal debt for school purposes. There is no outstanding school debt as of June 30, 2012.

**9) CASH MANAGEMENT**

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

**10) 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.

**11) OTHER INFORMATION**

**Independent Audit**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Samuel Klein and Company, Certified Public Accountants, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. 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 report related specifically to the single audit is included in the single audit section of this report.

**12) ACKNOWLEDGMENTS**

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

Respectfully submitted,



William Shlala  
Superintendent of Schools

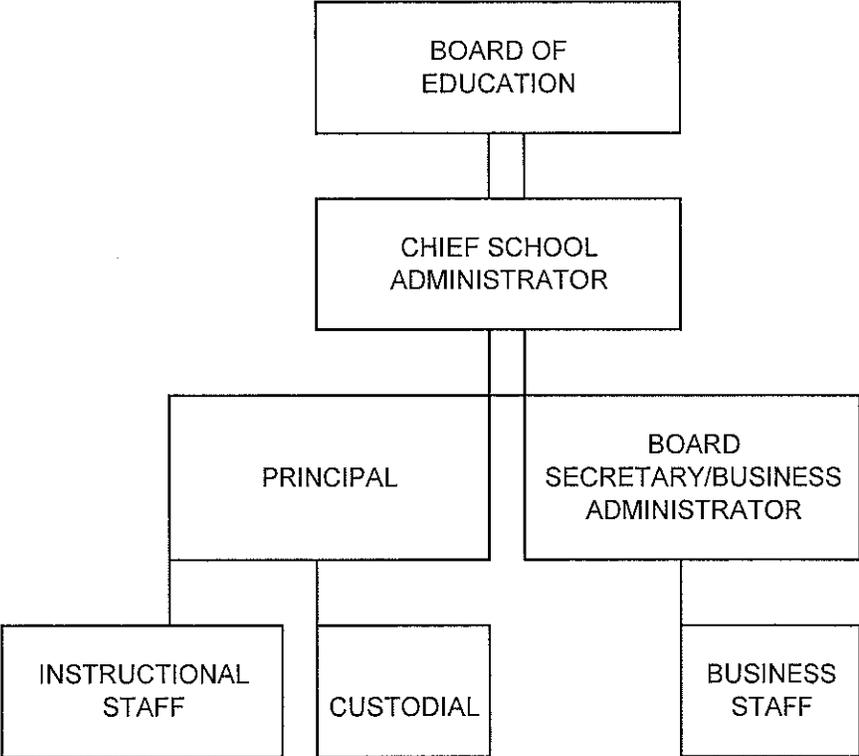


R. Paul Vizzuso  
School Business Administrator

EAST NEWARK BOROUGH BOARD OF EDUCATION

ORGANIZATIONAL CHART

(UNIT CONTROL)



EAST NEWARK BOROUGH SCHOOL DISTRICT  
EAST NEWARK, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2012

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Marlene Smith, President	2014
Brigite Goncalves, Vice President	2013
Rose Evaristo, Trustee	2014
Fernanda Fernandes, Trustee	2013
Donna O'Donnell, Trustee	2013
Johanna Lopez, Trustee	2014
Loren Britez, Trustee	2013
 <b><u>Other Officials</u></b>	
Richard R. Corbett, Superintendent/Principal	
R. Paul Vizzuso, School Business Administrator	
Evelyn Lassalle, Board Secretary	

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
CONSULTANTS AND ADVISORS**

**Audit Firm**

Samuel Klein and Company  
Certified Public Accountants  
550 Broad Street  
Newark, New Jersey 07102

**Attorney**

Allan Roth, Esq.  
150 Morris Avenue  
Springfield, New Jersey 07081

**Official Depositories**

Valley National Bank  
Fourth Street  
East Newark, New Jersey 07029

State of New Jersey  
Cash Management Fund

Penn Federal Savings Bank  
Central Avenue  
East Newark, New Jersey 07029

**FINANCIAL SECTION**

**SAMUEL KLEIN AND COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS

550 BROAD STREET, 11TH FLOOR  
NEWARK, N.J. 07102-4543  
PHONE (973) 624-6100  
FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
FREEHOLD, N.J. 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and Members  
of the Board of Education  
East Newark Borough Board of Education  
County of Hudson  
East Newark, New Jersey 07029

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the East Newark Borough School District in the County of Hudson, State of New Jersey, as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the East Newark Borough School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 Office of School Finance, Department of Education, State of New Jersey. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the East Newark Borough School District's internal control over financial reporting. Accordingly, we express no opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the East Newark Borough Board of Education, in the County of Hudson, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

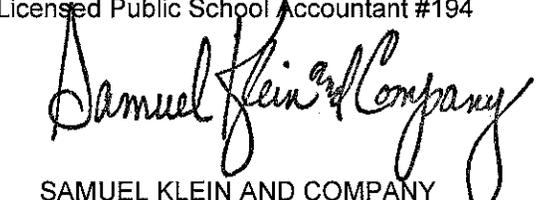
In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2012 on our consideration of the East Newark Borough Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 14 through 17 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 East Newark Borough 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 expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit 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.

  
JOSEPH J. FACCONI  
Licensed Public School Accountant #194

  
SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey  
October 8, 2012

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

# East Newark Public School

William Shlala  
Superintendent/Principal

501-11 North Third Street  
East Newark, NJ 07029  
(973) 481-6800  
Fax# (973) 485-1344

October 8, 2012

The Honorable President and Members  
of the Board of Education  
East Newark Borough Board of Education  
501-11 North Third Street  
East Newark, New Jersey 07029

Dear Board Members:

## **Management's Discussion and Analysis of Financial Statements**

The following analysis of East Newark Borough Board of Education's financial performance provides a summary of the District's financial integrity. The intent of the analysis is to provide an interpretation of the financial statements. This is the seventh year of the State Mandated GASB 34 reporting for school districts. As you know, school districts operate as a nonprofit organization. Yet, GASB 34 is instrumental in providing outside entities the opportunity to measure for profit operations. Hence, financial information that is analyzed utilizing GASB 34 for nonprofit entities is, in my opinion, irrelevant and misleading. School districts are required to account for asset depreciation even though the need to match revenues with purchased assets are not necessary since all similar purchases are budgeted for in capital outlay and expensed in the operating year.

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

The Statement of Net Assets provides a summary of assets. This summary includes fixed assets, items costing more than \$2,000 each, and their accumulated depreciation. Accumulated depreciation is the yearly costing of an asset's useful life. Accrual accounting is utilized as prescribed by GAAP (Generally Accepted Accounting Principles). A schedule of fixed assets is included below as Table 1.

## **Fund Financial Statements**

School districts utilize two categories for reporting assets. The first category identified as Governmental Funds, records the most activity. Governmental Funds reflect activity within the following sub-groups:

### General Fund (Fund 10)

Fund 11 Distributed and Undistributed Instructional Accounts - Asset Producing  
Fund 12 Capital Outlay - Asset Producing  
Fund 13 Special Schools - Non-Asset Producing

### Special Revenue (Fund 20)

Fund 20 Grants and Entitlements - Asset Producing

**Fund Financial Statements (Continued)**

The second category, identified as Business-Type Activities, records assets purchased for the following sub-group:

Enterprise (Fund 50)

Fund 50 Enterprise/Food Service - Asset Producing

**Table 1  
Fixed Assets**

**Government Funds**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b><u>Non-Depreciated Assets</u></b>				
Land	\$ 153,681	\$	\$	\$ 153,681
Total Non-Depreciated Assets	<u>153,681</u>			<u>153,681</u>
<b><u>Depreciated Assets</u></b>				
Building and Improvements	1,744,129	276,345		2,020,474
Vehicles	40,520	46,679		87,199
Machinery and Equipment	228,239	53,082		281,321
Total Depreciated Assets	<u>2,012,888</u>	<u>376,106</u>		<u>2,388,994</u>
Total Assets	<u>2,166,569</u>	<u>376,106</u>		<u>2,542,675</u>
Less Accumulated Depreciation:				
Building and Improvements	(1,744,129)	(13,817)		(1,757,946)
Vehicles	(12,662)	(10,900)		(23,562)
Machinery and Equipment	(214,183)	(19,364)		(233,547)
Total Accumulated Depreciation	<u>(1,970,974)</u>	<u>(44,081)</u>		<u>(2,015,055)</u>
Total Assets, Net Depreciation Governmental Activities	<u>\$ 195,595</u>	<u>\$332,025</u>	<u>\$ -</u>	<u>\$ 527,620</u>

**Long-Term Debt**

	<u>Beginning Balance</u>	<u>Retirements</u>	<u>Ending Balance</u>
Compensated Absences	<u>\$235,027.89</u>	<u>\$ 34,175.51</u>	<u>\$200,852.38</u>

The above schedule includes current debt liabilities, which are not expected to be paid within one year.

Long-term liabilities generally include debt issuances, lease-purchase agreements, capital leases, operating leases with scheduled rent increases, compensated absences, claims and judgments, early retirement incentive programs, and rebatable arbitrage. Liabilities that are not directly related to Governmental Funds and are expected to be paid from Proprietary and Trust Funds are not included above.

The Board of Education is a Type I School District and any debt authorized would be reflected on the records of the Borough.

**Table 2  
Change in Net Assets  
(Budgetary Basis)**

	<u>General Activities</u>	<u>Business- Type Activities</u>
<u>Revenues</u>		
Local Taxes	\$ 1,247,245	\$
State/Federal Aid	3,442,142	104,972
Other	27,792	16,053
Total Revenues	<u>4,717,179</u>	<u>121,025</u>
<u>Expenditures</u>		
Regular Instruction	789,506	
Tuition	1,796,114	
Student Support Services	260,898	61,755
Administration	69,335	
Maintenance and Operations	260,868	
Transportation	68,683	
Benefits	452,678	8,331
Special Education	154,392	
Cost of Sales		49,206
Other Administrative Services	205,784	
Others	153,794	
	<u>4,212,052</u>	<u>119,292</u>
Increase in Net Assets	<u>\$ 505,127</u>	<u>\$ 1,733</u>

**Governmental Activities**

Local tax levy is roughly 26% of the District's General Fund source of revenue. Budgeted revenues were higher due to more than expected interest on investments and refund of prior year expenditures.

Expenditures for tuition for out-of-district placement of regular and classified students equal about 43% of the operating budget. Instructional expenses equal 19% of the operating budget. Instructional expenses include teachers' salaries, supplies and textbooks.

Student Support Services include health, social work, child-study team and guidance support.

Maintenance and Operations are expenses mandated by the State Department of Education to maintain all building systems. Costs for the maintenance and custodial departments are also included here.

Transportation costs include Special Education and Class Trips.

Business Support is expenditures associated with the business and financial aspect of the District. Expenditures include payroll, transportation, accounting, accounts payable, benefits processing, technology and personnel departments.

**Business Activities**

Over the past two years, costs associated with operations have decreased significantly through the efforts of aggressive bidding, efficient and well-defined scope of responsibilities for the business departments, and controlling variable costs like overtime.

**Material Account Adjustments for the 2011-2012 School Year**

<u>Center</u>	<u>% Change</u>	<u>Explanation</u>
State Aid	6.40%	Increased State Aid

**Future Outlook**

The future fiscal outlook for the East Newark Borough Board of Education is favorable. The School District is sufficiently funded to meet the educational and capital requirements. One concern is the repeated practice of designated fund balance to offset tax increases.

The primary concern on a global issue is the East Newark Borough's inability to increase the tax base. Student enrollment has increased consistently for the past seven years. Unfortunately, the Borough's tax base has remained relatively flat. Furthermore, since the Borough is at full build-out (which means there is no space available for further development which would increase the ratable base), the likelihood of significant tax increases on the average homeowner over the next five years is very likely. Additionally, the East Newark Borough Board of Education is seeking ways to either renovate the existing school or to build a new school.

In closing, the Administration is determined to address the educational needs of the students while delivering a responsible budget to the taxpayers.

Respectfully submitted,



William Shlala  
Superintendent of Schools



R. Paul Vizzuso  
School Business Administrator

**BASIC FINANCIAL STATEMENTS**

**A. DISTRICT-WIDE FINANCIAL STATEMENTS**

EAST NEWARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

A-1

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
 <b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 1,574,594.57	\$ 18,596.70	\$ 1,593,191.27
Receivables, Net	175,743.50	117,983.75	293,727.25
Inventory		269.24	269.24
Restricted Assets:			
Cash and Cash Equivalents	627,199.43		627,199.43
Capital Assets, Net	<u>527,620.00</u>		<u>527,620.00</u>
 Total Assets	 <u>2,905,157.50</u>	 <u>136,849.69</u>	 <u>3,042,007.19</u>
 <b><u>LIABILITIES</u></b>			
Interfunds Payable	111,039.80		111,039.80
Deferred Revenue	60,056.87		60,056.87
Accounts Payable		6,397.76	6,397.76
Noncurrent Liabilities:			
Due Beyond One Year	<u>200,852.38</u>		<u>200,852.38</u>
 Total Liabilities	 <u>371,949.05</u>	 <u>6,397.76</u>	 <u>378,346.81</u>
 <b><u>NET ASSETS</u></b>			
Investment in Capital Assets	527,620.00		527,620.00
Restricted for:			
Other Purposes	1,872,750.92		1,872,750.92
Unrestricted	<u>132,837.53</u>	<u>130,451.93</u>	<u>263,289.46</u>
 Total Net Assets	 <u>\$ 2,533,208.45</u>	 <u>\$ 130,451.93</u>	 <u>\$ 2,663,660.38</u>

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See accompanying notes to financial statements.

EAST NEWARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

A-2

Function/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
			\$	\$	\$	\$
Governmental Activities:						
Instruction:						
Regular	\$ 1,529,286.01		\$ 613,212.86	\$ (916,073.15)		\$ (916,073.15)
Special Education Instruction	103,696.69		16,418.14	(87,278.54)		(87,278.54)
Other Special Instruction	89,139.60			(89,139.60)		(89,139.60)
Other Instruction	11,030.55			(11,030.55)		(11,030.55)
Support Services:						
Tuition	1,913,567.13		117,453.40	(1,796,113.73)		(1,796,113.73)
Student and Instruction Related Services	340,876.61		79,710.57	(261,166.04)		(261,166.04)
School Administration Services	91,700.42		7,422.01	(84,278.41)		(84,278.41)
Other Administrative Services	220,403.79		4,851.43	(215,552.36)		(215,552.36)
Plant Operations and Maintenance	287,349.87		8,787.93	(278,561.94)		(278,561.94)
Pupil Transportation	74,083.55		1,792.19	(72,291.36)		(72,291.36)
Capital Outlay	0.08			(0.08)		(0.08)
Unallocated Depreciation	44,081.00			(44,081.00)		(44,081.00)
Total Governmental Activities	4,705,215.30		849,648.53	(3,855,566.77)		(3,855,566.77)
Business-Type Activities:						
Food Services	119,292.27	121,025.28			1,733.01	1,733.01
Total Primary Government	\$ 4,824,507.57	\$ 121,025.28	\$ 849,648.53	\$ (3,855,566.77)	\$ 1,733.01	\$ (3,853,833.76)
General Revenues:						
General Purpose Property Taxes				\$ 1,247,245.00		\$ 1,247,245.00
Unrestricted Federal and State Aid				3,271,390.00		3,271,390.00
Miscellaneous				27,791.96		27,791.96
Total General Revenues				4,546,426.96		4,546,426.96
Change In Net Assets				690,860.19	1,733.01	692,593.20
Net Assets - Beginning				1,842,348.26	128,718.92	1,971,067.18
Net Assets - Ending				\$ 2,533,208.45	\$ 130,451.93	\$ 2,663,660.38

**B. FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

EAST NEWARK BOROUGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

B-1

<u>ASSETS</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Government Funds</u>
Cash and Cash Equivalents	\$ 1,855,055.61	\$	\$	\$ 1,855,055.61
Due from State of New Jersey	15,692.90			15,692.90
Due from Federal Government		160,050.60		160,050.60
Interfunds Receivable	632.20		567,629.22	568,261.42
Restricted Cash and Cash Equivalents	<u>627,199.43</u>			<u>627,199.43</u>
<b>Total Assets</b>	<u><b>\$ 2,498,580.14</b></u>	<u><b>\$ 160,050.60</b></u>	<u><b>\$ 567,629.22</b></u>	<u><b>\$ 3,226,259.96</b></u>
<b>LIABILITIES:</b>				
Cash and Cash Equivalents	\$	\$ 99,993.73	\$ 180,467.31	\$ 280,461.04
Interfunds Payable	679,301.22			679,301.22
Deferred Revenue		60,056.87		60,056.87
	<u>679,301.22</u>	<u>160,050.60</u>	<u>180,467.31</u>	<u>1,019,819.13</u>
<b>FUND BALANCES:</b>				
Reserved for:				
Encumbrances	11,134.92			11,134.92
Capital Reserve Account	624,570.21			624,570.21
Excess Surplus Designated for Subsequent Year's Expenditures	338,314.00			338,314.00
Excess Surplus	898,731.79			898,731.79
Unassigned, Reported in:				
General Fund	<u>(53,472.00)</u>		<u>387,161.91</u>	<u>333,689.91</u>
<b>Total Fund Balances</b>	<u><b>1,819,278.92</b></u>		<u><b>387,161.91</b></u>	<u><b>2,206,440.83</b></u>
<b>Total Liabilities and Fund Balance</b>	<u><b>\$ 2,498,580.14</b></u>	<u><b>\$ 160,050.60</b></u>	<u><b>\$ 567,629.22</b></u>	<u><b>\$ 3,226,259.96</b></u>

Total Fund Balance above \$ 2,206,440.83

Amounts reported for *governmental activities* in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$2,542,675.00 and the accumulated depreciation is \$2,015,055.00 (See Note 5). 527,620.00

Long-term liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds (See Note 6). (200,852.38)

Net assets of governmental activities (A-1) \$ 2,533,208.45

EAST NEWARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Local Tax Levy	\$ 1,247,245.00	\$	\$	\$ 1,247,245.00
Miscellaneous	27,791.96			27,791.96
State Sources	3,329,537.74	129,300.00		3,458,837.74
Federal Sources	112,604.00	549,596.79		662,200.79
Total Revenues	<u>4,717,178.70</u>	<u>678,896.79</u>		<u>5,396,075.49</u>
<u>Expenditures</u>				
Current:				
Regular Instruction	789,505.88	406,598.07		1,196,103.95
Special Education Instruction	54,221.43			54,221.43
Other Special Instruction	89,139.60			89,139.60
Other Instruction	11,030.55			11,030.55
Support Services and Undistributed Costs:				
Tuition	1,796,113.73	117,453.40		1,913,567.13
Student and Instruction Related Services	260,898.77	16,951.31		277,850.08
School Administrative Services	69,334.56			69,334.56
Other Administrative Services	205,784.26			205,784.26
Plant Operations and Maintenance	260,867.89			260,867.89
Pupil Transportation	68,682.87			68,682.87
Employee Benefits	452,677.59	96,049.82		548,727.41
Capital Outlay	153,794.58	41,844.19	180,467.31	376,106.08
Total Expenditures	<u>4,212,051.71</u>	<u>678,896.79</u>	<u>180,467.31</u>	<u>5,071,415.81</u>
Excess of Revenues Over/(Under) Expenditures	<u>505,126.99</u>		<u>(180,467.31)</u>	<u>324,659.68</u>
Other Financing Sources (Uses):				
Operating Transfers In			565,000.00	565,000.00
Operating Transfers (Out)	<u>(565,000.00)</u>			<u>(565,000.00)</u>
			<u>565,000.00</u>	<u>-</u>
Net Change in Fund Balances	(59,873.01)		384,532.69	324,659.68
Fund Balance - July 1	<u>1,879,151.93</u>		<u>2,629.22</u>	<u>1,881,781.15</u>
Fund Balance - June 30	<u>\$ 1,819,278.92</u>	<u>\$ -</u>	<u>\$ 387,161.91</u>	<u>\$ 2,206,440.83</u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

B-3

	<u>Ref.</u>	
Total Net Change in Fund Balances - Governmental Funds	B-2	\$ 324,659.68
<p>Amounts Reported for Governmental Activities in the  Statement of Activities (A-2) are different because:</p> <p style="padding-left: 20px;">Capital outlays are reported in governmental funds as  expenditures. However, in the statement of activities,  the cost of those assets is allocated over their estimated  useful lives as depreciation expense. This is the amount  by which capital outlays exceeded depreciation in the  period.</p>		
Depreciation Expense		\$ (44,081.00)
Capital Outlays		<u>376,106.00</u>
		332,025.00
Increase in Compensated Absences		<u>34,175.51</u>
Change in Net Assets of Governmental Activities	A-2	<u><u>\$ 690,860.19</u></u>

**PROPRIETARY FUNDS**

EAST NEWARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012

B-4

<u>ASSETS</u>	Business-Type Activities <u>Enterprise Fund</u> Food <u>Service</u>
Current Assets:	
Cash and Cash Equivalents	\$ 18,596.70
Interfunds Receivable	111,672.00
Accounts Receivable:	
State Sources	97.11
Federal Sources	6,214.64
Inventories	<u>269.24</u>
Total Current Assets	<u>136,849.69</u>
 Total Assets	 <u><u>\$ 136,849.69</u></u>
 <u>LIABILITIES</u>	
Accounts Payable	<u>\$ 6,397.76</u>
Total Liabilities	<u><u>\$ 6,397.76</u></u>
 <u>NET ASSETS</u>	
Unrestricted	<u>\$ 130,451.93</u>
Total Net Assets	<u><u>\$ 130,451.93</u></u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

B-5

	<u>Business-Type            Activities            Enterprise Fund            Food            Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 15,943.65
Total Operating Revenues	<u>15,943.65</u>
Operating Expenses:	
Cost of Sales	49,205.96
Salaries	32,612.44
Employee Benefits	8,330.63
Purchased Services	1,695.55
Supplies and Materials	5,251.70
Management Fee	7,474.50
Equipment and Repairs	14,721.49
Total Operating Expenses	<u>119,292.27</u>
Operating Loss	<u>(103,348.62)</u>
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	1,732.26
Federal Sources:	
National School Lunch Program	80,339.71
National School Breakfast Program	22,900.44
Interest Revenue	109.22
Total Nonoperating Revenues	<u>105,081.63</u>
Change in Net Assets	1,733.01
Total Net Assets - Beginning	<u>128,718.92</u>
Total Net Assets - Ending	<u>\$ 130,451.93</u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

B-6

	Business-Type Activities <u>Enterprise Funds</u> Food <u>Service</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 15,943.65
Payments to Employees	(33,690.45)
Payments for Employee Benefits	(8,621.15)
Payment to Food Management Company	(7,474.50)
Payments to Suppliers	(57,653.49)
Payments to Equipment and Repair	(14,721.49)
	(106,217.43)
 <u>Cash Flows from Noncapital Financing Activities</u>	
State Sources	1,780.28
Federal Sources	106,054.67
Interfund Receipts	(22,486.92)
Interest Earned	109.22
	85,457.25
Net Cash Provided by Noncapital Financing Activities	85,457.25
Net Increase in Cash and Cash Equivalents	(20,760.18)
Balances - Beginning of Year	39,356.88
Balances - End of Year	\$ 18,596.70
 <u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u>	
Operating Loss	\$ (103,348.62)
Adjustments to Reconcile Operating Loss to Cash Used by Operating Activities:	
Change in Assets and Liabilities:	
(Increase)/Decrease in Inventory	723.72
Increase/(Decrease) in Accounts Payable	(3,592.53)
Total Adjustments	(2,868.81)
Net Cash Used by Operating Activities	\$ (106,217.43)

**FIDUCIARY FUNDS**

EAST NEWARK BOROUGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

B-7

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	<u>\$10,702.24</u>
Total Assets	<u>\$10,702.24</u>
<u>LIABILITIES</u>	
Payable to Student Groups	\$10,039.26
Interfunds Payable	632.20
Payroll Deductions and Withholdings	<u>30.78</u>
Total Liabilities	<u>10,702.24</u>
<u>NET ASSETS</u>	<u>\$ -</u>

**NOTES TO FINANCIAL STATEMENTS**

## EAST NEWARK BOROUGH SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2012

#### 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The East Newark Borough School District (the "District") is a Type I District located in the County of Hudson, State of New Jersey. As a Type I District, the members are appointed by the Mayor. A Board of School Estimate approves the school district levy after the final budget is determined by the Board of Education (the "Board"). The members of the Board of School Estimate include the Mayor, two members of the local school board and two members of the governing body. The purpose of the District is to educate students in grades K - 12. The East Newark Borough School District had an approximate enrollment at June 30, 2012 of 238 students.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, board, and agencies that are not legally separate from the School District. For East Newark Borough Local School District, this includes general operations, food service, and student related activities of the School District.

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 District holds the corporate powers of the organization
- . the District appoints a voting majority of the organization's board
- . the District is able to impose its will on the organization
- . the organization has the potential to impose a financial benefit/burden on the District
- . there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the East Newark Borough Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

##### A. Basis of Presentation

The School District's basic financial statements consist of government-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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### A. Basis of Presentation (Continued)

#### 1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. 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 School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

#### 2. Fund Financial Statements

During the 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.

Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

### B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

#### 1. Governmental Funds

Governmental funds are those through which most governmental functions typically 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 School District's major governmental funds:

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Fund Accounting (Continued)

#### 1. Governmental Funds (Continued)

##### General Fund (Continued)

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 temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election. The District presently has no resources that are considered capital projects funds.

**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. The District presently has no resources that are considered debt service funds.

**Permanent Fund** - The Permanent Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. Resources are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting entity's programs - that is, for the benefit of the school district. The District presently has no resources that are considered permanent funds.

#### 2. Proprietary Fund Type

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Fund of the District:

**Enterprise Fund** - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District 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 District 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 District's Enterprise Fund is composed of the Food Service Fund.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Fund Accounting (Continued)

#### 2. Proprietary Fund Type (Continued)

##### Enterprise Fund (Continued)

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in operations of the Enterprise Funds are approximately 10 years. The Enterprise Fund has no valuation of capital fixed assets.

Internal Service Funds - These funds may be used to report any activity that provides goods or services to other funds, departments or agencies of the primary entity and its component units, or to other governments, on a cost-reimbursement basis. In addition, internal service funds are used only if the reporting school district is the predominant participant in the activity. The District does not currently utilize any internal service funds.

#### 3. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. They are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. There are four fiduciary fund types - pension (and other employee benefit) trust funds, investment trust funds, private-purpose trusts and agency funds. The overarching rule for these funds is that they should never be used to report resources that can be used for programs of the reporting district.

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund and Scholarship Funds. The District does not currently utilize any expendable Trust Funds.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not currently utilize any Nonexpendable Trust Funds.

Agency Funds - Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. These funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Fund Accounting (Continued)

#### 4. Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt, not in the governmental funds. This includes serial bonds outstanding that are expected to be financed from governmental funds, the outstanding principal balance on capital leases, lease-purchase agreements, compensated absences, claims and judgments, early retirement incentive programs and rebatable arbitrage.

### C. Measurement Focus

#### 1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement of Net Assets.

#### 2. 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 government-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.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Fiduciary funds are reported using the economic resources measurement focus.

### D. Basis of Accounting

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### D. Basis of Accounting (Continued)

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

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

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

### E. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County Office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C. 6A:23A-2.3 (et seq.).

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

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

The following presents a reconciliation of the General Fund Revenue and Special Revenue Fund Revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue to the GAAP basis of accounting as presented in the Combined Statements of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgets/Budgetary Control (Continued)**

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 4,726,434.70	\$ 678,896.79
Difference - Budget to GAAP:		
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	306,334.00	
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(315,590.00)</u>	
Total revenue as reported on the statement of revenue, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,717,178.70</u>	<u>\$ 678,896.79</u>
Uses/Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 4,212,051.71</u>	<u>\$ 678,896.79</u>
Total expenditures as reported on the statement of revenue, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,212,051.71</u>	<u>\$ 678,896.79</u>

**F. 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.

Open encumbrances in the special revenue fund, for which the District 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

### H. Inventories and Prepaid Expenses

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

### I. Tuition 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.

### J. Tuition Payable

Tuition charges for the fiscal years 2010-11 and 2011-12 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

### K. Short-Term Interfund Receivables/Payables

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### L. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets' life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method under the half year convention over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>
School Buildings	50 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Vehicles	8 years
Office and Computer Equipment	5 - 10 years
Instructional Equipment	10 years
Grounds Equipment	15 years
Food Service Equipment	7 - 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 District 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 District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### N. Accrued Liabilities and Long-Term Obligations

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

In general, 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 governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

### O. 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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

### P. Deferred Revenue

Deferred revenue in the general and special revenue fund represent program revenues that have been received but not yet earned.

### Q. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

### R. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

### S. Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund, (the Food Service) are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### T. Rebatable Arbitrage

Rebatable arbitrage results from investing the proceeds of borrowed funds either directly or indirectly into investments that are higher in yield than the bond yield incurred on the borrowed funds. In accordance with GASB 34, rebatable arbitrage is treated like a claim or judgment. All interest income is reported as revenue of the capital projects fund. The liability, if any, is recorded in the "Statement of Net Assets".

### U. Non-Monetary Transactions

Commodities received under the Federal Food Distribution Program are received by the District and are recorded as nonoperating revenue when received in the Food Service Enterprise Fund at market value. The use of the commodities is included in cost of sales.

### V. Allocation of 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. 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. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

### W. Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

## 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit that have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

### Deposits

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

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

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

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Deposits (Continued)**

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

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

As of June 30, 2012, cash and cash equivalents (Deposits) of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>
Unrestricted	\$ 1,603,893.51
Restricted	<u>627,199.43</u>
	<u><u>\$ 2,231,092.94</u></u>

Of the total amount, deposits of \$627,199.43 have been earmarked towards the Capital Reserve Account (See Note 4).

**Allocation of Cash and Cash Equivalents**

Unrestricted	\$ 1,603,893.51
Restricted	<u>627,199.43</u>
	<u><u>\$ 2,231,092.94</u></u>

**Investments**

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

- . Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- . Government money market mutual funds.
- . Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- . Bonds or other obligations of the school district or local unit of which the school district is a part.
- . Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- . Local government investment pools.

### 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

#### Investments (Continued)

- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

As of June 30, 2012, the District had no outstanding investments.

### 4. CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the Borough of East Newark Board of Education by inclusion of \$790,000.00 during Fiscal Year 2003 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the Governmental Fund and its activity is included in the General Fund annual budget.

Funds placed in the Capital Reserve Account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. 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.

During the fiscal year ended June 30, 2012, the District had actual interest earnings of \$3,342.37. During the 2011-2012 school year, the School District approved the transfer of \$565,000.00 out of the Capital Reserve Account to the Capital Projects Fund. As of June 30, 2012, there remains \$624,570.21 in the Capital Reserve Account.

### 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Governmental Activities</u>			
Nondepreciable Assets:			
Land	\$ 153,681	\$	\$ 153,681
Depreciable Assets:			
Building and Building Improvements	1,744,129	276,345	2,020,474
Vehicles	40,520	46,679	87,199
Machinery and Equipment	228,239	53,082	281,321
	<u>2,166,569</u>	<u>376,106</u>	<u>2,542,675</u>
Less Accumulated Depreciation:			
Vehicles	(12,662)	(10,900)	(23,562)
Building and Building Improvements	(1,744,129)	(13,817)	(1,757,946)
Machinery and Equipment	(214,183)	(19,364)	(233,547)
	<u>(1,970,974)</u>	<u>(44,081)</u>	<u>(2,015,055)</u>
Governmental Activities Net Capital Assets	<u>\$ 195,595</u>	<u>\$ 332,025</u>	<u>\$ 527,620</u>

**6. GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2012, the following changes occurred in Long-Term Debt:

	<u>Balance June 30, 2011</u>	<u>Retirements</u>	<u>Balance June 30, 2012</u>
Compensated Absences Payable	<u>\$ 235,027.89</u>	<u>\$ 34,175.51</u>	<u>\$200,852.38</u>

**A. Bonds Payable**

East Newark is a Type I School District. Bonds are issued for the School District by the municipality.

**B. Bonds Authorized but Not Issued**

As of June 30, 2012, the Board had no authorized but not issued bonds.

**C. Capital Leases Payable**

As of June 30, 2012, the Board had no capital leases.

**7. OPERATING LEASES**

As of June 30, 2012, the Board had no operating leases.

**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 11 writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625.

**Teachers' Pension 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 noncontributing 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.

## 8. PENSION PLANS (Continued)

### **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 or 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.

### **Defined Contribution Retirement Program (DCRP)**

This Program was established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

### **Vesting and Benefit Provisions**

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

### **Significant Legislation**

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's financial compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.

## 8. PENSION PLANS (Continued)

### Significant Legislation (Continued)

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

P.L. 2011, c. 78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

### Contribution Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. In accordance with the provisions of Chapter 78, P.L. 2011, employee pension contribution rates for TPAF and PERS is currently 6.5% and 5.5% for DCRP of employees' annual compensation, as defined.

Employee contributions for TPAF and PERS employees will be increased from 6.5% to 7.5% to be phased in equally over a 7 year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July 2018.

Employers are required to contribute at an actuarially determined rate in both PERS and TPAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premium. Under current statute, the school is a noncontributing employer of the TPAF.

### Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
June 30, 2012	\$ 20,212.00 *	100%
June 30, 2011	18,914.00 *	100%
June 30, 2010	14,364.00 *	100%

\*Offset either totally or partially by pension credits.

### Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Post- Retirement Medical Benefits</u>
June 30, 2012	\$ 96,810.00	100%	N/A
June 30, 2011	74,901.00	100%	N/A
June 30, 2010	64,980.00	100%	N/A

## **8. PENSION PLANS (Continued)**

### **Contribution Requirements (Continued)**

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$96,810.00 to the TPAF for normal pension On-Behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$73,941.74 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Legislation enacted during 1993 provided early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (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 assumed the increased cost for the early retirement as it affected their District.

## **9. POST-RETIREMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions 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, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994 with an additional contribution beginning in Fiscal Year 1996 to maintain a medical reserve of one half of one percent of the active State payroll.

The State is also responsible for the cost attributable to P.L. 1992, C. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

## **10. COMPENSATED ABSENCES**

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

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

**10. COMPENSATED ABSENCES (Continued)**

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the Food Service Fund.

**11. 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 administrator is The Variable Annuity Life Insurance Company.

**12. RISK MANAGEMENT**

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

**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.

**13. INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2012 consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Due to Proprietary Fund	\$	\$ 111,672.00
Due from Fiduciary Fund	632.20	
Due to Capital Projects Fund		567,629.22
Fiduciary Fund:		
Due to General Fund		632.20
Proprietary Fund:		
Due from General Fund	111,672.00	
Capital Project Fund:		
Due from General Fund	<u>567,629.22</u>	
	<u>\$ 679,933.42</u>	<u>\$ 679,933.42</u>

**14. INVENTORY**

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**15. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$1,819,278.92 General Fund fund balance reported in Statement "B-1" at June 30, 2012, \$11,134.92 is year end encumbrances; \$338,314.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2013; \$624,570.21 is for capital reserve; excess surplus of \$898,731.79 and an unassigned balance of \$(53,472.00).

**16. DEFICIT FUND BALANCES**

The District has an unreserved deficit fund balance of \$53,472.00 in the General Fund as of June 30, 2012, as reported in the fund statements (Exhibit B-1) (modified accrual basis). P.L. 2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the General Fund balance unreserved deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, unassigned general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$53,472.00 is less than the last state aid payment.

**17. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701), the designation for 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 year's budget. The excess fund balance at June 30, 2012 is \$898,731.79.

**18. CONTINGENT LIABILITIES**

**A. Litigation**

The Borough's Attorney letter did not indicate any litigation, claims or contingent liabilities that would have a material financial impact on the Borough.

**B. Federal and State Awards**

The School District participates in several federal and state grant and aid programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants or aid, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2012 may be impaired. In the opinion of the management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provisions have been recorded in the accompanying general purpose financial statements for such contingencies.

**19. RECONCILIATION OF FUND BALANCE - GENERAL FUND**

The Surpluses are presented on a GAAP basis and a reconciliation to the budget basis is as follows:

The Surpluses are presented on a GAAP basis and a reconciliation to the budget basis is as follows:	<u>Unreserved and Designated</u>
Balance on a Budget Basis on the General Fund Budgetary Basis Comparison	\$ 2,134,868.92
Less: Allocation of State Aid Payment of \$315,590.00 Recognized on a GAAP Basis	<u>315,590.00</u>
Balances on a GAAP Basis on the Governmental Fund Balance Sheet	<u><u>\$ 1,819,278.92</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**C. BUDGETARY COMPARISON SCHEDULES**

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-1  
Sheet #1

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 1,247,245.00		\$ 1,247,245.00	\$ 1,247,245.00	\$ 7,791.96
Miscellaneous	<u>20,000.00</u>		<u>20,000.00</u>	<u>27,791.96</u>	
<b>Total - Local Sources</b>	<u>1,267,245.00</u>		<u>1,267,245.00</u>	<u>1,275,036.96</u>	<u>7,791.96</u>
Federal Sources:					
Education Jobs Program Fund	<u>109,183.00</u>	<u>3,421.00</u>	<u>112,604.00</u>	<u>112,604.00</u>	
<b>Total - Federal Sources</b>	<u>109,183.00</u>	<u>3,421.00</u>	<u>112,604.00</u>	<u>112,604.00</u>	
State Sources:					
Categorical Special Education Aid	191,175.00		191,175.00	191,175.00	
Equalization Aid	2,918,458.00	46,291.00	2,964,749.00	2,964,749.00	
Extraordinary Aid				12,118.00	12,118.00
Nonbudgeted:					
On-Behalf TPAF Pension Contributions (Nonbudgeted)				96,810.00	96,810.00
Reimbursed TPAF Social Security Contributions (Nonbudgeted)				<u>73,941.74</u>	<u>73,941.74</u>
<b>Total - State Sources</b>	<u>3,109,633.00</u>	<u>46,291.00</u>	<u>3,155,924.00</u>	<u>3,338,793.74</u>	<u>182,869.74</u>
<b>Total Revenues</b>	<u>\$ 4,486,061.00</u>	<u>\$ 49,712.00</u>	<u>\$ 4,535,773.00</u>	<u>\$ 4,726,434.70</u>	<u>\$ 190,661.70</u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-1  
Sheet #2

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Expenditures</u>					
Current Expense:					
Instruction - Regular Programs:					
Salaries of Teachers:					
Kindergarten	\$ 67,844.00	\$	\$ 67,844.00	\$ 64,631.07	\$ 3,212.93
Grades 1 - 5	456,452.00		456,452.00	429,557.58	26,894.42
Grades 6 - 8	154,700.00		154,700.00	154,700.00	
Total Instruction - Regular Programs	<u>678,996.00</u>		<u>678,996.00</u>	<u>648,888.65</u>	<u>30,107.35</u>
Regular Program - Home Instruction:					
Salaries of Teacher	2,500.00		2,500.00		2,500.00
Total Regular Program - Home Instruction	<u>2,500.00</u>		<u>2,500.00</u>		<u>2,500.00</u>
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	66,255.00		66,255.00	48,730.53	17,524.47
Purchased Professional/Educational Services	7,000.00		7,000.00	263.40	6,736.60
Other Purchased Services	3,000.00		3,000.00		3,000.00
General Supplies	75,000.00	7,434.67	82,434.67	81,917.05	517.62
Textbooks	25,000.00	(7,266.73)	17,733.27	9,706.25	8,027.02
Total Regular Programs - Undistributed Instruction	<u>176,255.00</u>	<u>167.94</u>	<u>176,422.94</u>	<u>140,617.23</u>	<u>35,805.71</u>
Total Regular Programs	<u>857,751.00</u>	<u>167.94</u>	<u>857,918.94</u>	<u>789,505.88</u>	<u>68,413.06</u>
Special Education:					
Resource Room/Resource Center:					
Salaries of Teacher	73,141.00		73,141.00	38,525.89	34,615.11
Total Resource Room/Resource Center	<u>73,141.00</u>		<u>73,141.00</u>	<u>38,525.89</u>	<u>34,615.11</u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-1  
 Sheet #3

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Expenditures</u>					
Current Expense:					
Special Education:					
Basic Skills/Remedial:					
Salaries of Teachers	\$ 100,927.00	\$	\$ 100,927.00	\$ 15,695.54	\$ 85,231.46
Total Basic Skills/Remedial	<u>100,927.00</u>		<u>100,927.00</u>	<u>15,695.54</u>	<u>85,231.46</u>
Bilingual Education:					
Salaries of Teachers	99,767.00		99,767.00	89,139.60	10,627.40
Total Bilingual Education	<u>99,767.00</u>		<u>99,767.00</u>	<u>89,139.60</u>	<u>10,627.40</u>
School Sponsored Co-curricular Activities:					
Purchased Services	11,000.00	1,043.90	12,043.90	11,030.55	1,013.35
Total School Sponsored Co-curricular Activities	<u>11,000.00</u>	<u>1,043.90</u>	<u>12,043.90</u>	<u>11,030.55</u>	<u>1,013.35</u>
Total - Instruction	<u>1,142,586.00</u>	<u>1,211.84</u>	<u>1,143,797.84</u>	<u>943,897.46</u>	<u>199,900.38</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's Within the State - Regular	1,396,596.00	16,493.00	1,413,089.00	1,413,089.00	
Tuition to Other LEA's Within the State - Special	420,781.00		420,781.00	337,987.05	82,793.95
Tuition to Private Schools for the Disabled - Within State	200,282.00	(11,080.21)	189,201.79	45,037.68	144,164.11
Total Undistributed Expenditures - Instruction	<u>2,017,659.00</u>	<u>5,412.79</u>	<u>2,023,071.79</u>	<u>1,796,113.73</u>	<u>226,958.06</u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-1  
 Sheet #4

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Expenditures</b>					
<b>Current Expense:</b>					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 63,586.00	\$ 2,319.40	\$ 65,905.40	\$ 65,905.40	\$ -
Purchased Professional and Technical Services	4,500.00	(473.33)	4,026.67	3,666.74	359.93
Supplies and Materials	2,500.00	613.33	3,113.33	2,973.33	140.00
Other Objects	500.00		500.00	261.22	238.78
Total Health Services	<u>71,086.00</u>	<u>2,459.40</u>	<u>73,545.40</u>	<u>72,806.69</u>	<u>738.71</u>
Other Support Services - Student Related Services:					
Salaries	<u>26,826.00</u>		<u>26,826.00</u>	<u>26,826.00</u>	
Total Other Support Services - Student Related Service	<u>26,826.00</u>		<u>26,826.00</u>	<u>26,826.00</u>	
Child Study Team:					
Salaries of Other Professional Staff	58,203.00	9,923.00	68,126.00	58,203.00	9,923.00
Purchased Professional - Education Services	125,596.00	(8,097.03)	117,498.97	67,218.32	50,280.65
Supplies and Materials	500.00	598.03	1,098.03	1,098.03	
Total Child Study Team	<u>184,299.00</u>	<u>2,424.00</u>	<u>186,723.00</u>	<u>126,519.35</u>	<u>60,203.65</u>
Guidance:					
Salaries of Other Professional Staff	<u>33,600.00</u>		<u>33,600.00</u>	<u>31,693.23</u>	<u>1,906.77</u>
Instructional Staff Training Services:					
Purchased Professional/Educational Services	2,000.00	1,069.00	3,069.00	2,941.00	128.00
Other Purchased Services		112.50	112.50	112.50	
Total Instructional Staff Training Services	<u>2,000.00</u>	<u>1,181.50</u>	<u>3,181.50</u>	<u>3,053.50</u>	<u>128.00</u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-1  
 Sheet #5

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Expenditures</u>					
Current Expense:					
Undistributed Expenditures:					
Support Services General Administration:					
Salaries	\$ 42,362.00		\$ 42,362.00	\$ 42,362.00	\$ 1,887.50
Legal Services	7,500.00		7,500.00	5,612.50	
Audit Fees	30,450.00	600.00	31,050.00	31,050.00	
Other Purchased Professional Services	24,437.00	3,016.06	27,453.06	26,718.70	734.36
Purchased Technical Services		3,000.00	3,000.00	3,000.00	
Communications/Telephone	16,632.00	6,901.38	23,533.38	23,533.38	
Miscellaneous Purchased Services	55,429.00	(2,698.55)	52,730.45	44,365.90	8,364.55
General Supplies	2,000.00		2,000.00	2,000.00	
Training/Supplies	500.00		500.00	500.00	
Miscellaneous Expenses	19,822.00	3,299.08	23,121.08	22,627.63	493.45
Board Dues	4,620.00		4,620.00	4,514.15	105.85
Total Support Services General Administration	<u>203,752.00</u>	<u>14,117.97</u>	<u>217,869.97</u>	<u>205,784.26</u>	<u>12,085.71</u>
Support Services School Administration:					
Salaries of Principals/Assistant Principals	39,200.00		39,200.00	39,200.00	
Salaries of Secretarial and Clerical Assistants	25,608.00		25,608.00	25,608.00	
Supplies and Materials	3,100.00	130.19	3,230.19	3,230.19	
Other Objects	4,500.00	(130.19)	4,369.81	1,296.37	3,073.44
Total Support Services School Administration	<u>72,408.00</u>		<u>72,408.00</u>	<u>69,334.56</u>	<u>3,073.44</u>
Central Services:					
Salaries	28,050.00		28,050.00	28,049.92	0.08
Total Central Services	<u>28,050.00</u>		<u>28,050.00</u>	<u>28,049.92</u>	<u>0.08</u>

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

C-1  
Sheet #6

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Expenditures</u>					
Current Expense:					
Undistributed Expenditures:					
Allowable Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	\$ 10,000.00	\$	\$ 10,000.00	\$ 8,442.88	\$ 1,557.12
Total Allowable Maintenance for School Facilities	<u>10,000.00</u>		<u>10,000.00</u>	<u>8,442.88</u>	<u>1,557.12</u>
Other Operations and Maintenance of Plant:					
Salaries	46,030.00	2,655.08	48,685.08	48,685.08	9,054.74
Cleaning, Repair and Maintenance Services	46,075.00	(16,507.16)	29,567.84	20,513.10	149.36
Other Purchased Property Services	28,890.00		28,890.00	28,740.64	594.00
Rental of Land/Building	36,594.00		36,594.00	36,000.00	
Insurance	51,788.00		51,788.00	51,788.00	
General Supplies	15,000.00		15,000.00	7,921.62	7,078.38
Energy (Heat and Electricity)	47,124.00		47,124.00	30,726.65	16,397.35
Total Other Operations and Maintenance of Plant	<u>271,501.00</u>	<u>(13,852.08)</u>	<u>257,648.92</u>	<u>224,375.09</u>	<u>33,273.83</u>
Student Transportation Services:					
Salaries for Pupil Transportation (Between Home and School) - Regular	17,694.00		17,694.00	15,649.19	2,044.81
Contracted Services (Special Education) - Vendors	90,803.00	(3,025.00)	87,778.00	50,008.68	37,769.32
Miscellaneous Expenses		3,025.00	3,025.00	3,025.00	
Total Student Transportation Services	<u>108,497.00</u>		<u>108,497.00</u>	<u>68,682.87</u>	<u>39,814.13</u>
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	32,000.00	8,771.93	40,771.93	40,771.93	1,737.13
Other Retirement Contributions - PERS	22,000.00		22,000.00	20,262.87	
Unemployment Benefits	5,000.00	1,999.14	6,999.14	6,999.14	
Workmen's Compensation	24,189.00		24,189.00	24,189.00	24,189.00
Health Benefits	480,725.00	(18,185.89)	462,539.11	213,891.91	248,647.20
Total Unallocated Benefits	<u>563,914.00</u>	<u>(7,414.82)</u>	<u>556,499.18</u>	<u>281,925.85</u>	<u>274,573.33</u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-1  
Sheet #7

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<u>Expenditures</u>					
Current Expense:					
Undistributed Expenditures:					
Nonbudgeted:					
On-Behalf TPAF Pension Contributions	\$	\$	\$	\$ 96,810.00	\$ (96,810.00)
Reimbursed TPAF Social Security Contributions				73,941.74	(73,941.74)
Total Nonbudgeted				170,751.74	(170,751.74)
Total Undistributed Expenditures	<u>3,593,592.00</u>	<u>4,328.76</u>	<u>3,597,920.76</u>	<u>3,114,359.67</u>	<u>483,561.09</u>
Total Expenditures - Current Expense	<u>4,736,178.00</u>	<u>5,540.60</u>	<u>4,741,718.60</u>	<u>4,058,257.13</u>	<u>683,461.47</u>
<u>Expenditures</u>					
Capital Outlay:					
Other Purchased Professional and Technical Services		96,420.58	96,420.58	96,140.58	280.00
School Buses - Special		46,679.00	46,679.00	46,679.00	
Construction Services		10,975.00	10,975.00	10,975.00	
Total Expenditures - Capital Outlay		<u>154,074.58</u>	<u>154,074.58</u>	<u>153,794.58</u>	<u>280.00</u>
Total Expenditures	<u>4,736,178.00</u>	<u>159,615.18</u>	<u>4,895,793.18</u>	<u>4,212,051.71</u>	<u>683,741.47</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(250,117.00)</u>	<u>(109,903.18)</u>	<u>(360,020.18)</u>	<u>514,382.99</u>	<u>874,403.17</u>
Other Financing Sources (Uses):					
Operating Transfer Out - Capital Projects		(565,000.00)	(565,000.00)	(565,000.00)	
Total Other Financing Sources (Uses)		<u>(565,000.00)</u>	<u>(565,000.00)</u>	<u>(565,000.00)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(250,117.00)</u>	<u>(674,903.18)</u>	<u>(925,020.18)</u>	<u>(50,617.01)</u>	<u>874,403.17</u>
Fund Balances, July 1	<u>2,185,485.93</u>		<u>2,185,485.93</u>	<u>2,185,485.93</u>	
Fund Balances, June 30	<u>\$1,935,368.93</u>	<u>\$ (674,903.18)</u>	<u>\$1,260,465.75</u>	<u>\$2,134,868.92</u>	<u>\$874,403.17</u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-1  
Sheet #8

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted Fund Balance:					
Reserve for Excess Surplus				\$ 898,731.79	
Capital Reserve				624,570.21	
Legally Restricted - Designated for Subsequent Year's Expenditures				338,314.00	
Committed Fund Balance:					
Year-End Encumbrances				11,134.92	
Unassigned Fund Balance				262,118.00	
Total				<u>2,134,868.92</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				<u>315,590.00</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$1,819,278.92</u>	

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 GENERAL FUND  
 EDUCATION JOBS FUND PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-1b

	<u>Budgeted</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>					
Federal Sources:					
Education Jobs Fund Program	<u>\$ 109,183.00</u>	<u>\$ 3,421.00</u>	<u>\$112,604.00</u>	<u>\$112,604.00</u>	\$
Total Federal Sources	<u>109,183.00</u>	<u>3,421.00</u>	<u>112,604.00</u>	<u>112,604.00</u>	_____
Total Revenues	<u><u>\$ 109,183.00</u></u>	<u><u>\$ 3,421.00</u></u>	<u><u>\$112,604.00</u></u>	<u><u>\$112,604.00</u></u>	<u><u>\$ -</u></u>
 <b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers Grades 1 - 5	<u>\$ 109,183.00</u>	<u>\$ 3,421.00</u>	<u>\$112,604.00</u>	<u>\$112,604.00</u>	\$
Total Instruction	<u>109,183.00</u>	<u>3,421.00</u>	<u>112,604.00</u>	<u>112,604.00</u>	_____
Total Expenditures	<u><u>\$ 109,183.00</u></u>	<u><u>\$ 3,421.00</u></u>	<u><u>\$112,604.00</u></u>	<u><u>\$112,604.00</u></u>	<u><u>\$ -</u></u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-2

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>REVENUES</u>					
Federal Sources	\$ 383,858.00	\$ 262,000.00	\$ 645,858.00	\$ 549,596.79	\$ 96,261.21
State Sources	53,000.00	76,300.00	129,300.00	129,300.00	-
<b>Total Revenues</b>	<u>\$ 436,858.00</u>	<u>\$ 338,300.00</u>	<u>\$ 775,158.00</u>	<u>\$ 678,896.79</u>	<u>\$ 96,261.21</u>
<u>EXPENDITURES</u>					
Instruction:					
Salaries of Teachers	\$ 172,000.00	\$ 138,600.00	\$ 310,600.00	\$ 267,819.45	\$ 42,780.55
Purchased Professional/Educational Services	83,258.00	73,600.00	156,858.00	138,778.62	18,079.38
<b>Total Instruction</b>	<u>255,258.00</u>	<u>212,200.00</u>	<u>467,458.00</u>	<u>406,598.07</u>	<u>60,859.93</u>
Support Services:					
Tuition	80,600.00	51,000.00	131,600.00	117,453.40	14,146.60
Personnel Services - Employee Benefits	72,000.00	31,500.00	103,500.00	96,049.82	7,450.18
Other Purchased Professional Services	6,000.00	17,600.00	23,600.00	16,951.31	6,648.69
<b>Total Support Services</b>	<u>158,600.00</u>	<u>100,100.00</u>	<u>258,700.00</u>	<u>230,454.53</u>	<u>28,245.47</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	23,000.00	26,000.00	49,000.00	41,844.19	7,155.81
<b>Total Expenditures</b>	<u>\$ 436,858.00</u>	<u>\$ 338,300.00</u>	<u>\$ 775,158.00</u>	<u>\$ 678,896.79</u>	<u>\$ 96,261.21</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGET-TO-GAAP RECONCILIATION  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

C-3

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources:</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1	\$ 4,726,434.70	C-2	\$678,896.79
<b>Difference - Budget to GAAP:</b>				
State aid payments recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		306,334.00		
State aid payments recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		<u>(315,590.00)</u>		
Total revenue as reported on the statement of revenue, expenditures, and changes in fund balances - governmental funds	B-2	<u>\$ 4,717,178.70</u>	B-2	<u>\$678,896.79</u>
<b>Uses/Outflow of Resources:</b>				
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	C-1	<u>\$ 4,212,051.71</u>	C-2	<u>\$678,896.79</u>
Total expenditures as reported on the statement of revenue, expenditures, and changes in fund balances - governmental funds	B-2	<u>\$ 4,212,051.71</u>	B-2	<u>\$678,896.79</u>

**OTHER SUPPLEMENTARY INFORMATION**

**D. SCHOOL BASED BUDGET SCHEDULES (IF APPLICABLE)**

**E. SPECIAL REVENUE FUND**

EAST NEWARK BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

E-1

	IASA Title I Basic 2011-2012	Preschool Education	Title II Part A	I.D.E.A. Preschool 2011-2012	Carryover	Title VI, I.D.E.A. Part B Basic 2011-2012	Carryover	Title VI, I.D.E.A. Basic ARRA 2011-2012	Carryover	Totals FY 2012
<b>REVENUES</b>										
Slate Sources	\$ 265,830.62	\$ 129,300.00	\$ 12,359.00	\$ 2,915.00	\$ 127,781.95	\$ 77,888.00	\$ 35,176.00	\$ 2,815.82	\$ 23,356.00	\$ 129,300.00
Federal Sources										549,596.79
<b>Total Revenues</b>	<b>\$ 265,830.62</b>	<b>\$ 129,300.00</b>	<b>\$ 12,359.00</b>	<b>\$ 2,915.00</b>	<b>\$ 127,781.95</b>	<b>\$ 77,888.00</b>	<b>\$ 35,176.00</b>	<b>\$ 2,815.82</b>	<b>\$ 23,356.00</b>	<b>\$ 878,896.79</b>
<b>EXPENDITURES</b>										
Instruction:										
Salaries of Teachers	\$ 213,627.00	\$ 129,300.00	\$ 12,359.00	\$ 2,915.00	\$ 54,192.45	\$ 77,888.00	\$ 35,176.00	\$ 2,815.82	\$ 23,356.00	\$ 267,819.45
Purchased Professional/Educational Services	9,478.62									138,778.62
Total Instruction	<u>223,105.62</u>	<u>129,300.00</u>	<u>12,359.00</u>	<u>2,915.00</u>	<u>54,192.45</u>	<u>77,888.00</u>	<u>35,176.00</u>	<u>2,815.82</u>	<u>23,356.00</u>	<u>406,598.07</u>
Support Services:										
Personnel Services - Employee Benefits	42,725.00				50,509.00			2,815.82		96,049.82
Other Purchased Professional Services					4,592.31					16,951.31
Tuition			12,359.00	2,915.00		1,474.40	35,176.00			117,453.40
Total Support Services	<u>42,725.00</u>		<u>12,359.00</u>	<u>2,915.00</u>	<u>55,101.31</u>	<u>1,474.40</u>	<u>35,176.00</u>	<u>2,815.82</u>		<u>230,454.53</u>
Facilities Acquisition and Construction Services:									23,356.00	41,844.19
Instructional Equipment					18,488.19					18,488.19
Total Facilities Acquisition and Construction Services					<u>18,488.19</u>				<u>23,356.00</u>	<u>41,844.19</u>
<b>Total Expenditures</b>	<b>\$ 265,830.62</b>	<b>\$ 129,300.00</b>	<b>\$ 12,359.00</b>	<b>\$ 2,915.00</b>	<b>\$ 127,781.95</b>	<b>\$ 77,888.00</b>	<b>\$ 35,176.00</b>	<b>\$ 2,815.82</b>	<b>\$ 23,356.00</b>	<b>\$ 678,896.79</b>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

E-2

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
<u>Expenditures</u>			
Instruction:			
Purchased Professional-Educational Services	<u>\$ 189,356.00</u>	<u>\$ 129,300.00</u>	<u>\$ 60,056.00</u>
Total Instruction	<u><u>\$ 189,356.00</u></u>	<u><u>\$ 129,300.00</u></u>	<u><u>\$ 60,056.00</u></u>
Total Revised 2011-12 Preschool Education Aid Allocation			\$ -
Add: Actual Preschool Education Aid Carryover (June 30, 2011)			<u>189,356.87</u>
Total Preschool Education Aid Funds Available for 2011-12 Budget			189,356.87
Less: 2011-12 Budgeted Preschool Education Aid (Including Prior Year Budget Carryover)			<u>189,356.00</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2012			0.87
Add: June 30, 2012 Unexpended Preschool Education Aid			<u>60,056.00</u>
2011-12 Carryover - Preschool Education Aid Programs			<u><u>\$ 60,056.87</u></u>
2011-12 Preschool Education Aid Carryover Budgeted for Preschool Programs 2012-2013			<u><u>\$ 60,915.00</u></u>

**F. CAPITAL PROJECTS FUND**

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

F-1

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Appropriation June 30, 2012</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Roof Repairs	January 16, 2011	\$ 136,000.00	\$ 133,370.78	\$	\$ 2,629.22
Architectural Services	July 10, 2011	48,000.00		34,108.81	13,891.19
Construction Services	July 10, 2011	517,000.00		146,358.50	370,641.50
			<u>\$ 133,370.78</u>	<u>\$ 180,467.31</u>	<u>\$ 387,161.91</u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGETARY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2012

F-2

Revenues and Other Financing	
Sources:	
Transfer from Capital Reserve	\$ 565,000.00
Total Revenues	<u>565,000.00</u>
Expenditures and Other Financing	
Sources:	
Purchased Professional and Technical Services	34,108.81
Construction Services	<u>146,358.50</u>
	<u>180,467.31</u>
Excess (Deficiency) of Revenues Over/(Under)	
Expenditures	384,532.69
Fund Balance - Beginning	<u>2,629.22</u>
Fund Balance - Ending	<u><u>\$ 387,161.91</u></u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
 BUDGETARY BASIS  
 ROOF REPAIRS  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

F-2a

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing				
Sources:				
Transfer from Capital Reserve	<u>\$ 136,000.00</u>	\$	<u>\$ 136,000.00</u>	<u>\$ 136,000.00</u>
Total Revenues	<u>136,000.00</u>		<u>136,000.00</u>	<u>136,000.00</u>
Expenditures and Other Financing				
Uses:				
Construction Services	<u>133,370.78</u>		<u>133,370.78</u>	<u>133,370.78</u>
Total Expenditures	<u>133,370.78</u>		<u>133,370.78</u>	<u>133,370.78</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ 2,629.22</u>	<u>\$ -</u>	<u>\$ 2,629.22</u>	<u>\$ 2,629.22</u>
Additional Project Information:				
Project Number		N/A		
Grant Date		1/16/2011		
Bond Authorization Date		\$ 136,000.00		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost		\$ 136,000.00		
Additional Authorized Cost		N/A		
Revised Authorized Cost		\$ 136,000.00		
Percentage Increase Over Original Authorized Cost				
Percentage Completion		N/A		
Original Target Completion Date		N/A		
Revised Target Completion Date		N/A		

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
 BUDGETARY BASIS  
 ARCHITECTURAL SERVICES  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

F-2b

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Transfer from Capital Reserve	\$	\$ 48,000.00	\$ 48,000.00	\$ 48,000.00
Total Revenues		<u>48,000.00</u>	<u>48,000.00</u>	<u>48,000.00</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		34,108.81	34,108.81	
Total Expenditures		<u>34,108.81</u>	<u>34,108.81</u>	
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ 13,891.19	\$ 13,891.19	\$ 48,000.00
Additional Project Information:				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization Date		\$ 48,000.00		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost		\$ 48,000.00		
Additional Authorized Cost		N/A		
Revised Authorized Cost		\$ 48,000.00		
Percentage Increase Over Original Authorized Cost				
Percentage Completion		N/A		
Original Target Completion Date		N/A		
Revised Target Completion Date		N/A		

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
 BUDGETARY BASIS  
 CONSTRUCTION SERVICES  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012

F-2c

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Transfer from Capital Reserve	\$	<u>\$ 517,000.00</u>	<u>\$ 517,000.00</u>	<u>\$ 517,000.00</u>
Total Revenues		<u>517,000.00</u>	<u>517,000.00</u>	<u>517,000.00</u>
Expenditures and Other Financing Uses:				
Construction Services		<u>146,358.50</u>	<u>146,358.50</u>	<u>517,000.00</u>
Total Expenditures		<u>146,358.50</u>	<u>146,358.50</u>	<u>517,000.00</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ -</u>	<u>\$ 370,641.50</u>	<u>\$ 370,641.50</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	\$ 517,000.00
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 517,000.00
Additional Authorized Cost	N/A
Revised Authorized Cost	\$ 517,000.00

Percentage Increase Over Original Authorized Cost	
Percentage Completion	N/A
Original Target Completion Date	N/A
Revised Target Completion Date	N/A

**G. PROPRIETARY FUNDS**

**ENTERPRISE FUND**

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2012

G-1

<u>ASSETS</u>	Business-Type Activities <u>Enterprise Fund</u> Food <u>Service</u>
Current Assets:	
Cash and Cash Equivalents	\$ 18,596.70
Interfunds Receivable	111,672.00
Accounts Receivable:	
State Sources	97.11
Federal Sources	6,214.64
Inventories	269.24
Total Current Assets	<u>136,849.69</u>
Total Assets	<u>\$ 136,849.69</u>
 <u>LIABILITIES</u>	
Accounts Payable	<u>\$ 6,397.76</u>
Total Liabilities	<u>\$ 6,397.76</u>
 <u>NET ASSETS</u>	
Unrestricted	<u>\$ 130,451.93</u>
Total Net Assets	<u>\$ 130,451.93</u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

G-2

	Business-Type Activities <u>Enterprise Fund</u> Food <u>Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 15,943.65
Total Operating Revenues	<u>15,943.65</u>
Operating Expenses:	
Cost of Sales	49,205.96
Salaries	32,612.44
Employee Benefits	8,330.63
Purchased Services	1,695.55
Supplies and Materials	5,251.70
Management Fee	7,474.50
Equipment and Repairs	14,721.49
Total Operating Expenses	<u>119,292.27</u>
Operating Loss	<u>(103,348.62)</u>
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	1,732.26
Federal Sources:	
National School Lunch Program	80,339.71
National School Breakfast Program	22,900.44
Interest Revenue	109.22
Total Nonoperating Revenues	<u>105,081.63</u>
Change in Net Assets	1,733.01
Total Net Assets - Beginning	<u>128,718.92</u>
Total Net Assets - Ending	<u>\$ 130,451.93</u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

G-3

	<u>Business-Type            Activities            Enterprise Fund            Food            Service</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 15,943.65
Payments to Employees	(33,690.45)
Payments for Employee Benefits	(8,621.15)
Payment to Food Management Company	(7,474.50)
Payments to Suppliers	(57,653.49)
Payments to Equipment and Repairs	<u>(14,721.49)</u>
Net Cash Used for Operating Activities	<u>(106,217.43)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State Sources	1,780.28
Federal Sources	106,054.67
Interfund Adjustment	(22,486.92)
Interest Earned	<u>109.22</u>
Net Cash Provided by Noncapital Financing Activities	<u>85,457.25</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(20,760.18)
Balances - Beginning of Year	<u>39,356.88</u>
Balances - End of Year	<u>\$ 18,596.70</u>
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</u>	
Operating Loss	<u>\$ (103,348.62)</u>
Adjustments to Reconcile Operating Loss to Cash Used by Operating Activities:	
Change in Assets and Liabilities:	
(Increase)/Decrease in Inventory	723.72
Increase/(Decrease) in Accounts Payable	<u>(3,592.53)</u>
Total Adjustments	<u>(2,868.81)</u>
Net Cash Used by Operating Activities	<u>\$ (106,217.43)</u>

**INTERNAL SERVICE FUND**

## H. FIDUCIARY FUNDS

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 JUNE 30, 2012

H-1

<u>ASSETS</u>	<u>Agency Fund</u>
Cash and Cash Equivalents	<u>\$10,702.24</u>
Total Assets	<u><u>\$10,702.24</u></u>
<u>LIABILITIES</u>	
Payable to Student Groups	\$10,039.26
Interfunds Payable	632.20
Payroll Deductions and Withholdings	<u>30.78</u>
Total Liabilities	<u>10,702.24</u>
<u>NET ASSETS</u>	<u><u>\$ -</u></u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 STUDENT ACTIVITY AGENCY FUND  
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

H-3

	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2012</u>
Elementary School: Student Activity Fund	<u>\$9,067.69</u>	<u>\$971.57</u>	<u>\$</u>	<u>\$ 10,039.26</u>
<b>Total</b>	<u><u>\$9,067.69</u></u>	<u><u>\$971.57</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,039.26</u></u>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

H-4

<u>ASSETS</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Cash and Cash Equivalents	<u>\$ 646.88</u>	<u>\$1,612,458.53</u>	<u>\$1,612,442.43</u>	<u>\$ 662.98</u>
Total Assets	<u><u>\$ 646.88</u></u>	<u><u>\$1,612,458.53</u></u>	<u><u>\$1,612,442.43</u></u>	<u><u>\$ 662.98</u></u>
 <u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 312.89	\$ 661,377.97	\$ 661,660.08	\$ 30.78
Interfunds Payable - Net Payroll	333.99	298.21		632.20
Net Salaries and Wages		<u>950,782.35</u>	<u>950,782.35</u>	
Total Liabilities	<u><u>\$ 646.88</u></u>	<u><u>\$1,612,458.53</u></u>	<u><u>\$1,612,442.43</u></u>	<u><u>\$ 662.98</u></u>

## I. LONG-TERM DEBT

**STATISTICAL SECTION (UNAUDITED)**

## **INTRODUCTION TO THE STATISTICAL SECTION**

## FINANCIAL TRENDS

EAST NEWARK BOROUGH SCHOOL DISTRICT  
NET ASSETS BY COMPONENT  
LAST NINE FISCAL YEARS  
*Unaudited*

J-1

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities:</b>									
Invested in Capital Assets, Net of Related Debt	\$ 320,282.00	\$ 266,136.00	\$ 213,944.00	\$ 182,924.00	\$ 176,873.00	\$ 170,822.00	\$ 208,725.00	\$ 195,595.00	\$ 527,620.00
Restricted	1,236,398.04	1,413,133.25	1,519,528.42	1,543,382.84	1,458,450.82	1,872,915.87	1,710,683.92	1,934,274.02	1,872,760.92
Unrestricted	(215,769.32)	(135,200.52)	(168,971.84)	(37,170.90)	(28,309.85)	(135,528.06)	(271,743.47)	(287,520.76)	132,837.53
<b>Total Governmental Activities Net Assets</b>	<u>\$ 1,340,910.72</u>	<u>\$ 1,544,068.73</u>	<u>\$ 1,574,500.58</u>	<u>\$ 1,689,135.94</u>	<u>\$ 1,607,013.97</u>	<u>\$ 1,908,209.81</u>	<u>\$ 1,647,665.45</u>	<u>\$ 1,842,348.26</u>	<u>\$ 2,533,208.45</u>
<b>Business-Type Activities:</b>									
Restricted	\$ 15,302.00	\$ 15,302.00	\$ 28,584.80	\$ 39,514.73	\$ 59,374.93	\$ 82,292.55	\$ 110,781.07	\$ 128,718.92	\$ 130,451.93
Unrestricted	30,244.98	36,541.75	28,584.80	39,514.73	59,374.93	82,292.55	110,781.07	128,718.92	130,451.93
<b>Total Business-Type Activities Net Assets</b>	<u>\$ 45,546.98</u>	<u>\$ 51,843.75</u>	<u>\$ 28,584.80</u>	<u>\$ 39,514.73</u>	<u>\$ 59,374.93</u>	<u>\$ 82,292.55</u>	<u>\$ 110,781.07</u>	<u>\$ 128,718.92</u>	<u>\$ 130,451.93</u>
<b>District-Wide:</b>									
Invested in Capital Assets, Net of Related Debt	\$ 320,282.00	\$ 266,136.00	\$ 213,944.00	\$ 182,924.00	\$ 176,873.00	\$ 170,822.00	\$ 208,725.00	\$ 195,595.00	\$ 527,620.00
Restricted	1,251,700.04	1,428,435.25	1,519,528.42	1,543,382.84	1,458,450.82	1,872,915.87	1,710,683.92	1,934,274.02	1,872,760.92
Unrestricted	(185,524.34)	(98,658.77)	(130,387.04)	2,343.83	31,065.08	(53,235.51)	(160,962.40)	(158,801.84)	263,289.46
<b>Total District-Wide Net Assets</b>	<u>\$ 1,386,457.70</u>	<u>\$ 1,595,912.48</u>	<u>\$ 1,603,085.38</u>	<u>\$ 1,728,650.67</u>	<u>\$ 1,666,388.90</u>	<u>\$ 1,990,502.36</u>	<u>\$ 1,758,446.52</u>	<u>\$ 1,971,067.18</u>	<u>\$ 2,663,660.38</u>

This schedule does not contain ten years of information as GASB #34 was implemented during the fiscal year ending June 30, 2004.

Source: CAFR Exhibit A-1

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS  
Unaudited**

J-2  
Sheet #1

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities:</b>									
Instruction:									
Regular	\$ 1,108,465.81	\$ 1,139,768.62	\$ 1,246,259.27	\$ 1,261,170.07	\$ 1,380,627.11	\$ 1,454,330.14	\$ 1,474,691.44	\$ 1,197,759.30	\$ 1,529,286.01
Special Education	181,706.83	95,881.71	119,145.57	113,145.34	233,506.04	130,187.72	171,493.13	260,608.18	203,866.84
Support Services:									
Tuition	1,426,164.83	1,492,077.14	1,431,505.19	1,521,768.29	1,741,031.50	1,722,594.05	1,637,497.78	1,711,245.04	1,913,567.13
Student and Instruction Related Services	204,406.91	228,452.41	317,926.27	342,080.73	408,221.73	418,597.40	349,304.69	388,911.38	340,876.61
School Administrative Services	118,668.73	36,992.72	86,797.23	93,070.53	147,874.02	123,473.87	101,922.89	132,527.94	91,700.42
Other Administrative Services	218,717.30	308,229.12	269,321.87	208,594.58	243,053.23	215,826.00	251,691.66	258,473.16	220,403.79
Plant Operations and Maintenance	140,077.31	155,682.80	208,732.15	221,318.38	222,432.56	241,704.25	239,447.47	295,045.67	287,349.87
Pupil Transportation	83,790.49	92,892.10	70,829.30	46,393.00	103,254.10	77,330.46	117,419.51	98,177.14	74,083.55
Capital Outlay						192,925.92	184,428.18	209,887.74	0.08
Unallocated Depreciation	54,146.00	54,146.00	52,192.00	31,020.00	6,051.00	6,051.00	10,678.00	57,772.00	44,081.00
Total Governmental Activities	3,536,144.21	3,604,122.62	3,802,708.85	3,927,560.92	4,486,051.29	4,583,020.81	4,538,574.75	4,610,407.55	4,705,215.30
<b>Business-Type Activities:</b>									
Enterprise Fund	65,892.61	72,874.18	111,433.30	74,539.28	66,092.64	83,725.18	97,163.64	103,207.59	119,292.27
Total Business-Type Activities	65,892.61	72,874.18	111,433.30	74,539.28	66,092.64	83,725.18	97,163.64	103,207.59	119,292.27
<b>TOTAL DISTRICT EXPENSES</b>	<b>\$ 3,602,036.82</b>	<b>\$ 3,676,996.80</b>	<b>\$ 3,914,142.15</b>	<b>\$ 4,002,100.20</b>	<b>\$ 4,552,143.93</b>	<b>\$ 4,666,745.99</b>	<b>\$ 4,635,738.39</b>	<b>\$ 4,713,615.14</b>	<b>\$ 4,824,507.57</b>
<b>Program Revenues:</b>									
Governmental Activities:									
Operating Grants and Contributions	\$ 540,979.39	\$ 592,866.48	\$ 539,786.61	\$ 714,557.70	\$ 742,587.53	\$ 488,430.55	\$ 499,608.90	\$ 448,721.81	\$ 849,648.53
Total Governmental Activities Program Revenues	540,979.39	592,866.48	539,786.61	714,557.70	742,587.53	488,430.55	499,608.90	448,721.81	849,648.53
Business-Type Activities:									
Charges for Services	73,001.55	79,170.95	88,174.35	85,469.21	85,952.84	106,642.80	125,652.16	121,145.44	121,025.28
Total Business-Type Activities Program Revenues	73,001.55	79,170.95	88,174.35	85,469.21	85,952.84	106,642.80	125,652.16	121,145.44	121,025.28
<b>TOTAL DISTRICT PROGRAM REVENUES</b>	<b>\$ 613,980.94</b>	<b>\$ 672,037.43</b>	<b>\$ 627,960.96</b>	<b>\$ 800,026.91</b>	<b>\$ 828,540.37</b>	<b>\$ 595,073.35</b>	<b>\$ 625,261.06</b>	<b>\$ 569,867.25</b>	<b>\$ 970,673.81</b>
<b>Net (Expense)/Revenue:</b>									
Governmental Activities	\$ (2,995,164.82)	\$ (3,011,256.14)	\$ (3,262,922.24)	\$ (3,213,003.22)	\$ (3,743,463.76)	\$ (4,094,590.26)	\$ (4,038,965.85)	\$ (4,161,665.74)	\$ (3,855,566.77)
Business-Type Activities	7,108.94	6,296.77	(23,258.95)	10,929.93	19,860.20	22,917.62	28,488.52	17,937.85	1,733.01
Total District-Wide Net Expense	<b>\$ (2,988,055.88)</b>	<b>\$ (3,004,959.37)</b>	<b>\$ (3,286,181.19)</b>	<b>\$ (3,202,073.29)</b>	<b>\$ (3,723,603.56)</b>	<b>\$ (4,071,672.64)</b>	<b>\$ (4,010,477.33)</b>	<b>\$ (4,143,747.89)</b>	<b>\$ (3,853,833.76)</b>

EAST NEWARK BOROUGH SCHOOL DISTRICT  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS  
*Unaudited*

J-2  
Sheet #2

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Assets:</b>									
Governmental Activities:									
Property Taxes Levied for General Purposes, Net	\$ 946,768.00	\$ 954,201.00	\$ 991,201.00	\$ 994,713.00	\$ 1,175,758.00	\$ 1,175,758.00	\$ 1,175,758.00	\$ 1,222,788.00	\$ 1,247,245.00
Federal and State Aid - Not Restricted	2,087,448.10	2,190,506.90	2,220,562.00	2,226,957.00	2,387,990.00	3,037,559.00	2,470,969.00	3,088,121.00	3,271,390.00
Miscellaneous Income	33,115.97	69,706.24	81,591.08	105,868.58	97,593.79	182,469.10	146,869.49	45,459.55	27,791.96
Total Governmental Activities	<u>3,067,332.07</u>	<u>3,214,414.14</u>	<u>3,293,354.08</u>	<u>3,327,638.58</u>	<u>3,661,341.79</u>	<u>4,395,786.10</u>	<u>3,793,596.49</u>	<u>4,356,368.55</u>	<u>4,546,426.96</u>
<b>Change in Net Assets:</b>									
Governmental Activities	\$ 72,167.25	\$ 203,158.00	\$ 30,431.84	\$ 114,635.36	\$ (82,121.97)	\$ 301,195.84	\$ (245,369.36)	\$ 194,682.81	\$ 690,860.19
Business-Type Activities	7,108.94	6,296.77	(23,258.95)	10,929.93	19,860.20	22,917.62	28,488.52	17,937.85	1,733.01
Total District	<u>\$ 79,276.19</u>	<u>\$ 209,454.77</u>	<u>\$ 7,172.89</u>	<u>\$ 125,565.29</u>	<u>\$ (62,261.77)</u>	<u>\$ 324,113.46</u>	<u>\$ (216,880.84)</u>	<u>\$ 212,620.66</u>	<u>\$ 692,593.20</u>

This schedule does not contain ten years of information as GASB #34 was implemented during the fiscal year ending June 30, 2004.

Source: CAFR Schedule A-2

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST NINE FISCAL YEARS  
 (Modified Accrual Basis of Accounting)  
*Unaudited*

J-3

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Fund:</b>									
Reserved	\$1,236,398.04	\$1,414,531.25	\$1,519,528.42	\$1,543,382.84	\$1,458,450.82	\$1,872,915.87	\$1,710,683.92	\$1,934,274.02	\$1,872,750.92
Unreserved	(24,479.84)	(8,095.00)	(8,095.00)	141,905.00	165,209.00	48,540.00	(65,117.44)	(52,492.87)	333,689.91
<b>Total General Fund</b>	<u>\$1,211,918.20</u>	<u>\$1,406,436.25</u>	<u>\$1,511,433.42</u>	<u>\$1,685,287.84</u>	<u>\$1,623,659.82</u>	<u>\$1,921,455.87</u>	<u>\$1,645,566.48</u>	<u>\$1,881,781.15</u>	<u>\$2,206,440.83</u>

This schedule does not contain ten years of information as GASB #34 was implemented during the fiscal year ending June 30, 2004.

Source: CAFR Schedule B-1

EAST NEWARK BOROUGH SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST NINE FISCAL YEARS  
(Modified Accrual Basis of Accounting)  
*Unaudited*

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>									
Tax Levy	\$ 946,768.00	\$ 954,201.00	\$ 991,201.00	\$ 994,713.00	\$ 1,175,758.00	\$ 1,175,758.00	\$ 1,175,758.00	\$ 1,222,788.00	\$ 1,247,245.00
Miscellaneous	33,115.97	69,706.24	81,591.08	105,968.58	97,593.79	182,469.10	146,869.49	45,459.55	27,791.96
State Sources	2,422,389.45	2,519,939.98	2,501,513.09	2,716,512.66	2,868,360.72	3,292,693.76	2,075,122.71	3,242,194.87	3,458,837.74
Federal Sources	206,038.04	263,433.40	258,835.52	225,002.04	282,216.81	233,295.79	802,109.78	294,647.94	662,200.79
<b>Total Revenues</b>	<u>3,608,311.46</u>	<u>3,807,280.62</u>	<u>3,833,140.69</u>	<u>4,042,196.28</u>	<u>4,403,929.32</u>	<u>4,884,216.65</u>	<u>4,199,859.98</u>	<u>4,805,090.36</u>	<u>5,396,075.49</u>
<b>Expenditures:</b>									
Instruction:									
Regular	869,364.93	931,098.56	971,563.43	936,173.68	1,066,549.70	1,112,995.99	1,079,275.58	888,842.29	1,196,103.95
Special Education Instruction	132,847.39	76,113.25	92,162.16	81,711.57	114,913.16	49,038.70	20,181.92	84,805.68	54,221.43
Other Special Instruction						48,198.13	98,593.68	95,933.11	89,139.60
Other Instruction						10,591.57	6,917.90	9,153.50	11,030.55
Support Services:									
Tuition	1,426,164.83	1,492,077.14	1,431,505.19	1,521,768.29	1,741,031.50	1,722,594.05	1,634,194.66	1,711,245.04	1,913,567.13
Student and Instruction Related Services	162,040.12	182,132.08	243,240.95	267,148.53	328,295.62	340,425.60	280,568.08	318,741.35	277,850.08
School Administrative Services	94,313.78	29,463.29	75,735.71	78,970.49	110,285.66	93,487.92	73,894.54	84,675.13	69,334.56
Other Administrative Services	197,528.27	261,814.92	246,999.45	230,010.59	201,652.38	184,207.24	215,514.32	242,689.72	205,784.26
Plant Operations and Maintenance	124,400.76	145,258.17	195,056.49	204,942.69	206,785.48	225,112.78	222,655.73	278,001.08	260,867.89
Pupil Transportation	77,596.38	89,457.62	70,829.30	46,393.00	97,704.95	70,917.27	111,166.01	91,115.77	68,682.87
Employee Benefits	398,559.09	405,347.54	401,050.84	501,223.02	598,338.89	535,955.43	533,193.77	509,143.28	548,727.41
Capital Outlay	1,000.00					192,925.92	184,428.18	254,529.74	376,106.08
<b>Total Expenditures</b>	<u>3,483,815.55</u>	<u>3,612,762.57</u>	<u>3,728,143.52</u>	<u>3,868,341.86</u>	<u>4,465,557.34</u>	<u>4,586,420.60</u>	<u>4,460,574.37</u>	<u>4,568,875.69</u>	<u>5,071,415.81</u>
<b>Excess (Deficiency) of Revenues Over/ (Under) Expenditures</b>	<u>124,495.91</u>	<u>194,518.05</u>	<u>104,997.17</u>	<u>173,854.42</u>	<u>(61,628.02)</u>	<u>297,796.05</u>	<u>(260,714.39)</u>	<u>236,214.67</u>	<u>324,659.68</u>
<b>Net Change in Fund Balances</b>	<u>\$ 124,495.91</u>	<u>\$ 194,518.05</u>	<u>\$ 104,997.17</u>	<u>\$ 173,854.42</u>	<u>\$ (61,628.02)</u>	<u>\$ 297,796.05</u>	<u>\$ (260,714.39)</u>	<u>\$ 236,214.67</u>	<u>\$ 324,659.68</u>

This schedule does not contain ten years of information as GASB #34 was implemented during the fiscal year ending June 30, 2004.

Source: CAFR Schedule B-2

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

*Unaudited*

J-5

<u>Fiscal Year Ended June 30</u>	<u>E-Rates</u>	<u>Insurance Co-Payments</u>	<u>Budget Refunds</u>	<u>Prior Year Voided Checks</u>	<u>Insurance Rebates</u>	<u>Interest on Investments</u>	<u>Interest on Capital Reserve</u>	<u>Prior Year Deferred Revenue</u>	<u>Miscellaneous</u>	<u>Total</u>
2003	\$	\$ 8,658.24	\$ 5,625.83	\$	\$ 11,512.89	\$ 4,699.52	\$	\$	\$ 2,578.74	\$ 33,075.22
2004		6,528.71	4,986.01		3,895.27	11,745.09			5,960.89	33,115.97
2005			2,555.44	27,739.94	13,384.45	22,531.79			3,494.62	69,706.24
2006			12,128.20		30,976.03	38,261.19			225.66	81,591.08
2007			8,682.47		44,552.14	48,197.55			4,536.42	105,968.58
2008	6,240.00		18,110.85		29,008.38	34,273.30			9,961.26	97,593.79
2009			1,123.98		11,355.34	13,744.20		143,611.63	12,633.95	182,469.10
2010	6,401.94		15,960.70	92,354.01	10,199.83				13,815.21	138,731.69
2011	6,371.58		18,567.89	206.23	4,397.61				10,579.32	45,459.55
2012	5,894.52		3,589.27		4,192.58				10,773.22	27,791.96

Source: District Records

## REVENUE CAPACITY

**EAST NEWARK BOROUGH SCHOOL DISTRICT**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
*Unaudited*

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax Exempt Property*	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2003	\$ 331,000	\$ 23,904,800	\$	\$	\$ 3,201,700	\$ 9,939,900	\$ 1,494,300	\$ 38,871,700	\$	\$ 37,848	\$ 38,909,548	\$ 99,600,230	\$ 2.270
2004	364,200	24,041,500			3,162,500	9,954,700	1,494,300	39,017,200		28,494	39,045,694	121,811,803	2.360
2005	516,700	24,063,400			3,212,500	9,650,500	1,494,300	38,937,400		24,813	38,962,213	134,367,450	2.430
2006	486,700	24,435,900			3,243,500	9,650,500	1,494,300	39,310,900		25,209	39,336,109	139,869,515	2.457
2007	558,400	25,228,900			2,762,500	9,650,500	1,494,300	39,684,600		20,073	39,714,673	133,928,479	2.667
2008	558,400	25,638,894			2,668,000	9,650,500	1,494,300	40,010,094		19,890	40,029,984	160,780,758	2.875
2009	558,400	25,712,652			2,668,000	9,650,500	1,494,300	40,083,852		20,817	40,104,669	191,138,546	2.873
2010	558,400	25,639,391			2,668,000	9,150,500	1,494,300	39,510,591		20,817	39,531,408	175,738,471	2.982
2011	572,200	25,594,800			2,689,600	9,167,700	1,498,300	39,522,600		20,983	39,543,583	119,280,488	3.070
2012	1,299,400	25,588,600			2,689,600	8,440,500	1,498,300	39,516,400		25,171	39,541,571	N/A	3.134

\* Machinery, implements, equipment and all other taxable personal property used in the business of telephone, telegraph and messenger system companies.

N/A - Not Available for Audit

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
*Unaudited***

**J-7**

(Rate per \$100 of Assessed Value)

Fiscal Year Ended <u>June 30,</u>	Board of Education			Overlapping Rates		
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct</u>	<u>Municipal Rate East Newark</u>	<u>County Rate Hudson County</u>	<u>Total Direct and Overlapping Tax Rate</u>
2003	\$2.270	\$	\$2.270	\$ 2.610	\$ 1.690	\$ 6.570
2004	2.360		2.360	2.630	1.890	6.880
2005	2.430		2.430	2.720	1.820	6.970
2006	2.457		2.457	2.914	1.749	7.120
2007	2.667		2.667	3.005	1.802	7.474
2008	2.875		2.875	3.237	1.909	8.022
2009	2.873		2.873	3.373	1.551	7.798
2010	2.982		2.982	3.463	1.500	7.945
2011	3.070		3.070	3.529	1.763	8.362
2012	3.134		3.134	3.790	1.703	8.627

Source: District Records and Municipal Tax Collector

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO  
Unaudited**

**J-8**

<u>Taxpayer</u>	<u>2012</u>		<u>2003</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
East Newark Town Center	\$ 7,337,800	18.56%		
1st Republic Corporation of America	669,400	1.69%		
Engelhard Corporation	727,200	1.84%		
Daving, LLC	540,000	1.37%		
VNB Realty	498,500	1.26%		
Simelog Properties, LLC	266,700	0.67%		
IDVG Realty, LLC	200,400	0.51%		
ARC Property Management, LLC	195,600	0.49%		
Philbro Corporation	190,800	0.48%		
Taxpayer #1			8,273,900	21.26%
Taxpayer #2			1,284,000	3.30%
Taxpayer #3			1,250,000	3.21%
Taxpayer #4			589,400	1.51%
Taxpayer #5			575,000	1.48%
	<u>\$ 10,626,400</u>	<u>26.87%</u>	<u>\$ 11,972,300</u>	<u>30.77%</u>
 Total Assessed Value		<u>\$ 39,543,583</u>		<u>\$ 38,909,548</u>

Source: Municipal Tax Assessor

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN CALENDAR YEARS  
*Unaudited***

J-9

Calendar Year Ended <u>January 31,</u>	School Taxes Levied <u>Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		Collections in Subsequent <u>Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2003	\$ 835,904.00	\$ 696,586.68	83.33%	\$ 139,317.32
2004	946,768.00	946,768.00	100.00%	139,317.32
2005	954,201.00	950,851.76	99.65%	-
2006	991,201.00	828,926.56	83.63%	3,349.24
2007	994,713.00	914,691.24	91.96%	162,274.44
2008	1,175,758.00	1,175,758.00	100.00%	80,021.76
2009	1,175,758.00	1,175,758.00	100.00%	-
2010	1,175,758.00	1,175,758.00	100.00%	-
2011	1,222,788.00	1,222,788.00	100.00%	-
2012	1,247,245.00	1,247,245.00	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 State Statute, a municipality is required to remit to the school district the property tax amount voted upon and certified prior to the end of the school fiscal year - June 30th.

## DEBT CAPACITY

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

*Unaudited*

J-10

Fiscal Year Ended June 30,	Governmental Activities						Total District	Capital Leases	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificate of Participation	Capital Leases	Bond Anticipation Notes (Bonds)	Business- Type Activities					
2003	\$ 20,000.00	\$ -	\$ -	\$ -	\$ -	\$ 20,000.00	\$ -	0.028%	9	
2004	-	-	-	-	-	-	-	-	-	
2005	-	-	-	-	-	-	-	-	-	
2006	-	-	-	-	-	-	-	-	-	
2007	-	-	-	-	-	-	-	-	-	
2008	-	-	-	-	-	-	-	-	-	
2009	-	-	-	-	-	-	-	-	-	
2010	-	-	-	-	-	-	-	-	-	
2011	-	-	-	-	-	-	-	-	-	
2012	-	-	-	-	-	-	-	-	-	

**EAST NEWARK BOROUGH SCHOOL DISTRICT**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
*Unaudited*

**J-11**

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Deductions</u>	<u>Net General</u> <u>Bonded Debt</u> <u>Outstanding</u>	<u>Percentage of</u> <u>Actual Taxable</u> <u>Value (a) of</u> <u>Property</u>	<u>Per</u> <u>Capita (b)</u>
2003	\$ 20,000.00	\$	\$ 20,000.00	0.05%	9
2004	-		-	-	-
2005	-		-	-	-
2006	-		-	-	-
2007	-		-	-	-
2008	-		-	-	-
2009	-		-	-	-
2010	-		-	-	-
2011	-		-	-	-
2012	-		-	-	-

Notes:

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2011  
Unaudited**

**J-12**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b><u>Governmental Unit</u></b>			
Debt Repaid with Property Taxes:			
Net Overlapping Debt of School District:			
Borough of East Newark	\$ 3,024,252.89	100%	\$ 3,024,252.89
County of Hudson	480,093,536.00	0.001%	4,800.94
East Newark School District Direct Debt			
Total Direct and Overlapping Bonded Debt as of December 31, 2011			<b>\$ 3,029,053.83</b>

Source: Municipal Audit Reports

EAST NEWARK BOROUGH SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
*Unaudited*

J-13

Year	Equalized Valuation Basis	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
2009	\$165,370,462										
2010	143,572,311										
2011	119,259,505										
	<u>\$428,202,278</u>										
						<u>\$ 142,734,093</u>					
Average Equalized Valuation of Taxable Property											
School Borrowing Margin (3% of \$142,734,093)	\$ 4,282,023										
Net Bonded School Debt as of June 30, 2012	-										
	<u>\$ 4,282,023</u>										
Debt Limit		\$2,646,310	\$ 2,978,825	\$ 3,302,583	\$ 3,758,577	\$ 4,235,074	\$ 4,854,343	\$ 5,257,128	\$ 5,301,050	\$ 4,866,151	\$ 4,282,023
Total Net Debt Applicable to Limit		<u>20,000</u>									
Legal Debt Margin		<u>\$2,626,310</u>	<u>\$ 2,978,825</u>	<u>\$ 3,302,583</u>	<u>\$ 3,758,577</u>	<u>\$ 4,235,074</u>	<u>\$ 4,854,343</u>	<u>\$ 5,257,128</u>	<u>\$ 5,301,050</u>	<u>\$ 4,866,151</u>	<u>\$ 4,282,023</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit		1.64%	.01%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
*Unaudited***

**J-14**

<u>Year</u>	<u>(a) Population</u>		<u>(b) Personal Income</u>		<u>(c) Per Capita Personal Income</u>		<u>(d) Unemployment Rate</u>	
2003	2,347	R	73,463,447	R	31,301	R	5.6%	
2004	2,136	R	69,477,672	R	32,527	R	4.7%	
2005	2,283	R	78,562,596	R	34,412	R	9.1%	
2006	2,236	R	82,678,336	R	36,976	R	8.7%	
2007	2,184	R	86,152,248	R	39,447	R	3.9%	
2008	2,144	R	91,943,296	R	42,884	R	5.2%	
2009	2,129		91,172,296	R	42,824	R	N/A	
2010	2,126		95,512,676	P	44,926	R	9.4%	
2011	2,126		N/A		N/A		9.7%	
2012	2,126		N/A		N/A		N/A	

(a) Population information provided by the N.J. Department of Labor and Workplace Development.

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

(c) Per capita personal income by municipality estimated based upon the 2000 and 2010 Census published by the U.S. Bureau of Economic Analysis.

(d) Unemployment data provided by the N.J. Department of Labor and Workforce Development.

N/A - Not Available at Time of Audit

R- Revised

P- Projected

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO  
*Unaudited***

**J-15**

<b><u>Employer</u></b>	<b><u>2012</u></b>		<b><u>2003</u></b>	
	<b><u>Employees</u></b>	<b><u>Percentage of Total Municipal Employment</u></b>	<b><u>Employees</u></b>	<b><u>Percentage of Total Municipal Employment</u></b>
East Newark Board of Education	35	1.65%	62	2.61%
Borough of East Newark	31	1.46%	44	1.85%
Tops Diner	18	0.85%	37	1.56%
Pic-Nic Restaurant	13	0.61%	29	1.22%
Valley National Bank	9	0.38%	16	0.67%
Garden State Community Bank	8	0.38%	10	0.42%
	<u>114</u>	<u>5.36%</u>	<u>198</u>	<u>8.33%</u>

## OPERATING INFORMATION

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**  
*Unaudited*

J-16

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction:										
Regular	16.0	16.0	16.0	16.0	16.0	16.0	15.0	19.0	19.0	19.0
Special Education	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0	2.0	3.0
Other Special Education	1.0	1.0	1.0	1.0	1.0	1.0	1.0			
Other Instructional	2.0	2.0	2.0	2.0	2.0	2.0	2.0			
Support Services:										
Student and Instructional Related Services	3.0	3.0	3.0	5.0	5.0	5.0	3.0	5.0	3.0	3.0
General Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
School Administrative Service	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5	2.5	2.0
Other Administrative Services	1.0	1.0	1.0	2.0	2.0	2.0	2.0	0.5	0.5	0.5
Central Services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.5	0.5	0.5
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0					
Plant Operations and Maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5	2.0
Pupil Transportation								0.5	0.5	1.0
<b>Total</b>	<u>33.0</u>	<u>33.0</u>	<u>33.0</u>	<u>36.0</u>	<u>36.0</u>	<u>35.0</u>	<u>31.0</u>	<u>31.5</u>	<u>30.5</u>	<u>32.0</u>

Source: District Personnel Records

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS**  
*Unaudited*

J-17

Fiscal Year Ended June 30,...	Enrollment	Operating Expenditures (a)	Cost per Pupil	Percentage Change	Teaching Staff	Per Pupil Ratio			Average Daily Enrollment (b)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle	Senior High School				
2003	250	\$ 3,385,792	\$13,543	24.22%	24.0	12.0	N/A	N/A	239.6	230.8	26.77%	96.33%
2004	247	3,482,816	14,100	4.11%	19.0	13.0	N/A	N/A	226.6	221.2	(5.43%)	97.62%
2005	247	3,612,763	14,627	3.74%	25.0	12.0	N/A	N/A	233.6	229.3	3.09%	98.16%
2006	243	3,301,374	13,586	(7.72%)	25.0	12.0	N/A	N/A	242.9	231.3	3.98%	95.22%
2007	218	3,264,379	14,974	10.2%	24.0	12.0	N/A	N/A	217.5	206.9	(10.46%)	95.13%
2008	219	3,860,057	17,626	17.7%	24.0	12.0	N/A	N/A	217.7	208.1	0.09%	95.59%
2009	242	4,053,338	16,749	(4.99%)	24.0	12.0	N/A	N/A	222.0	211.0	1.98%	95.05%
2010	230	4,012,534	17,446	4.16%	21.0	12.0	N/A	N/A	242.1	230.9	9.05%	95.37%
2011	241	4,036,088	16,747	(4.01%)	21.0	12.0	N/A	N/A	223.0	215.0	(7.89%)	96.41%
2012	238	4,212,052	17,698	5.67%	22.0	12.0	N/A	N/A	228.0	219.0	2.19%	96.05%

Source: District Records

Note: (a) Operating expenditures equal total expenditures less debt service and capital outlay.

(b) Teaching staff includes only full-time equivalents of certified staff.

(c) Average daily enrollment and average daily attendance are obtained from School Registry Summary.

\*Not Available from Previous Audits

N/A - Not Applicable

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS  
*Unaudited*

J-18

<u>FACILITY</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Elementary</u>										
Elementary School #1 (1896):										
Square Feet	19,297	19,297	19,297	19,297	19,297	19,297	19,297	19,297	19,297	19,297
Functional Capacity	259	259	259	259	259	259	259	259	259	259
Enrollment	250	247	247	243	243	249	249	249	249	238

Source: District Maintenance Office

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES  
 LAST TEN FISCAL YEARS  
*Unaudited*

J-19

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

School Facilities	Project #	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Elementary School #1	N/A	\$ 8,442.88	\$ 8,954.40	\$ 7,073.98	\$ 14,995.35	\$ 11,384.00	\$ 4,375.00	\$ 3,564.65	\$ 9,745.59	\$ 2,232.01	\$ -
		<u>\$ 8,442.88</u>	<u>\$ 8,954.40</u>	<u>\$ 7,073.98</u>	<u>\$ 14,995.35</u>	<u>\$ 11,384.00</u>	<u>\$ 4,375.00</u>	<u>\$ 3,564.65</u>	<u>\$ 9,745.59</u>	<u>\$ 2,232.01</u>	<u>\$ -</u>

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2012  
Unaudited**

**J-20**

	<u>Coverage</u>	<u>Deductible</u>
School Package Property:		
Property - Blanket Building and Contents	\$ 3,334,823	\$ 500
Comprehensive General Liability	1,000,000/2,000,000	
Comprehensive Automobile Liability for Nonowned and Hired Only	1,000,000	
Comprehensive Crime Coverage	25,000	
Computers and Scheduled Equipment:		
Data Processing Equipment	200,000	1,000
Boiler and Machinery:		
Property Damage	Included	500
Umbrella Liability	5,000,000/1,000,000	
School Board Legal Liability:		
Directors' and Officers' Policy	1,000,000/2,000,000	2,500
Public Employees' Faithful Performance Blanket Position Bond:		
Evelyn Lassalle	75,000	
R. Paul Vizzuso	150,000	
Robert Knapp	150,000	
Professional Liability - Nurses	Included in General Liability	
Worker's Compensation:		
NJSBA	1,000,000	
Student Accident	100,000	
Employee Dishonesty Bond	10,000	

Source: District Records

**SINGLE AUDIT SECTION**

550 BROAD STREET, 11TH FLOOR  
NEWARK, N.J. 07102-4543  
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FAX (973) 624-6101

36 WEST MAIN STREET, SUITE 303  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable President and Members  
of the Board of Education  
East Newark Borough Board of Education  
County of Hudson  
East Newark, New Jersey 07029

We have audited the financial statements of the Board of Education of the East Newark Borough School District, in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 8, 2012. 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 Office of School Finance, Department of Education, State of New Jersey.

**Internal Control Over Financial Reporting**

Management of the Board of Education of the East Newark Borough School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the East Newark Borough 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 East Newark Borough Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the East Newark Borough Board of Education's internal control over financial reporting.

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

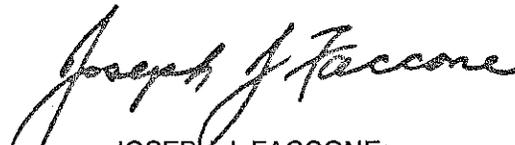
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

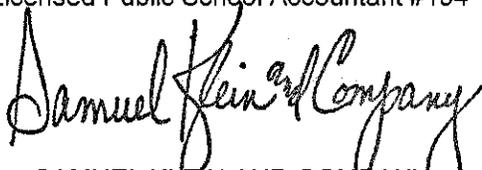
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the East Newark Borough 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 Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to the Board of Education of the East Newark Borough School District in a separate report entitled *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated October 8, 2012.

This report is intended solely for the information and use of the audit committee, management, the East Newark Borough 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.

  
JOSEPH J. FACCONO  
Licensed Public School Accountant #194

  
SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey  
October 8, 2012

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

The Honorable President and Members  
of the Board of Education  
East Newark Borough School District  
County of Hudson  
East Newark, New Jersey 07029

**Compliance**

We have audited the compliance of the Board of Education of the East Newark Borough School District, in the County of Hudson, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. East Newark Borough 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 East Newark Borough Board of Education's management. Our responsibility is to express an opinion on the East Newark Borough 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 Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*; and New Jersey OMB's Circular 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 East Newark Borough 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 East Newark Borough Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the East Newark Borough School District, in the County of Hudson, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

### Internal Control Over Compliance

The management of the Board of Education of the East Newark Borough 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 East Newark Borough 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 New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of East Newark Borough 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the audit committee, management, the East Newark Borough 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.

  
JOSEPH J. FACCONI  
Licensed Public School Accountant #194

  
SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

Newark, New Jersey  
October 8, 2012

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Award Amount	Grant Period	Balance at June 30, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Prior Years' Balances Repaid	Adjustment	(Accounts Receivable)	June 30, 2012 Deferred Revenue	Due to Grantor
84-410A	U.S. Department of Education: Passed-Through State Department of Education: Education Jobs Program Fund Total General Fund	\$ 112,604.00	9/01/11-8/31/12	\$ -	\$ -	\$ 112,604.00	\$ (112,604.00)	\$ -	\$ -	\$ -	\$ -	\$ -
84-010A	Special Revenue Fund: Title I, Part A Basic	187,867.54	9/01/10-8/31/11	(60,085.55)		91,992.00	(137,761.95)			(95,875.54)		
84-010A	Title I, Part A Basic	265,630.62	9/01/11-8/31/12			245,173.00	(265,830.62)			(20,657.62)		
84-281A	Title II, Part A Teacher and Principal Training	12,212.00	9/01/10-8/31/11	(12,212.00)		12,212.00						
84-281A	Title II, Part A Teacher and Principal Training	12,359.00	9/01/11-8/31/12			3,597.00	(12,359.00)			(8,762.00)		
84-281A	Carryover	2,239.84	9/01/09-8/31/10	1,144.80					(1,144.80)			
84-182	Title III	5,407.00	9/01/08-8/31/07	(1,227.50)					1,144.80	(82.70)		
84-188A	Title IV, Safe and Drug Free Schools	2,222.00	9/01/09-8/31/10	(2,222.00)		363.00				(1,859.00)		
84-392	IDEA - ARRA - Preschool	3,514.00	9/01/10-8/31/11	(3,514.00)						(3,514.00)		
84-391	Title IDEA, ARRA Part B	141,760.70	9/01/10-8/31/11	(8,003.52)		30,682.00	(23,356.00)			(1,677.52)		
84-391	Title IDEA, ARRA Part B	2,815.82	9/01/11-8/31/12			78,285.00	(2,815.82)			(2,815.82)		
84-027	Title VI, IDEA Part B, Basic	77,868.00	9/01/10-8/31/11	(66,441.00)		77,868.00	(77,868.00)			(23,332.00)		
84-027	IDEA - Preschool	4,426.40	9/01/11-8/31/12	(2,952.00)		2,915.00	(1,474.40)			(1,474.40)		
84-027	IDEA - Preschool	2,915.00	9/01/11-8/31/12	(156,512.81)		546,039.00	(549,596.79)			(160,050.80)		
	Total Special Revenue Fund											
10-553	U.S. Department of Agriculture: Passed-Through State Department of Education: Enterprise Fund: National School Breakfast Program	24,350.78	7/01/10-6/30/11	(2,456.66)		2,456.66						
10-553	National School Breakfast Program	22,900.44	7/01/11-6/30/12			21,220.14	(22,900.44)			(1,680.30)		
10-555	National School Lunch Program	80,211.40	7/01/10-6/30/11	(6,572.50)		6,572.50						
10-555	National School Lunch Program	80,339.71	7/01/11-6/30/12	(9,028.16)		75,805.37	(80,339.71)			(4,534.34)		
	Total U.S. Department of Agriculture					106,034.67	(103,240.15)			(6,214.64)		
	Total Federal Financial Awards			\$ (165,541.97)	\$ -	\$ 764,717.67	\$ (765,440.94)	\$ -	\$ -	\$ (166,265.24)	\$ -	\$ -

The accompanying Notes to Schedule of Expenditures of Awards and Financial Assistance are an integral part of this schedule

EAST NEWARK BOROUGH SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SCHEDULE B

Grant or Project Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2011		Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Prior Years' Balances - Repaid	June 30, 2012		Due to Grantor	Budgetary Reimbursable	Cumulative Total Expenditures
				(Accounts Receivable)	Deferred Revenue							(Accounts Receivable)	Deferred Revenue			
Department of Education:																
12-495-034-5120-078		\$ 2,964,749.00	7/01/11-6/30/12	\$	\$	\$	\$	\$ 2,864,749.00	\$ (2,964,749.00)	\$	\$	\$	\$	\$	\$ 288,474.00	\$ (2,964,749.00)
12-495-034-5120-089		191,175.00	7/01/11-6/30/12					191,175.00	(191,175.00)						191,175.00	(191,175.00)
11-495-034-5120-044		1,212.00	7/01/10-6/30/11	(1,212.00)				1,212.00								
11-495-034-5120-044		12,118.00	7/01/11-6/30/12						(12,118.00)						12,118.00	(12,118.00)
12-495-034-5095-001		99,810.00	7/01/11-6/30/12					99,810.00	(99,810.00)							(99,810.00)
11-495-034-5095-002		72,440.87	7/01/10-6/30/11	(3,872.69)				3,872.68	(73,941.74)						3,874.90	(73,941.74)
12-495-034-5095-002		73,841.74	7/01/11-6/30/12	(4,784.69)				3,327,895.52	(3,339,793.74)						331,262.90	(3,339,793.74)
Special Revenue Fund:																
08-495-034-5120-088		193,899.00	7/01/07-6/30/08				(43,736.79)									
09-495-034-5120-088		107,843.00	7/01/08-6/30/09				(2,124.09)									
10-495-034-5120-088		65,016.00	7/01/09-6/30/10				(65,016.00)									
11-495-034-5120-088		78,480.00	7/01/10-6/30/11				(18,423.13)	13,899.00								
12-495-034-5120-088		129,300.00	7/01/11-6/30/12				(129,300.00)	13,899.00	(129,300.00)							(129,300.00)
Total Special Revenue Fund																
							175,457.87						60,056.87			(129,300.00)
Department of Agriculture:																
Enterprise Fund:																
11-100-010-3360-067		1,632.83	7/01/10-6/30/11	(145.13)				145.13	(1,732.28)						97.11	(1,732.28)
12-100-010-3350-023			7/01/11-6/30/12	(145.13)				1,780.29	(1,732.26)						97.11	(1,732.26)
								\$ 3,343,564.80	\$ (3,469,826.00)						\$ 331,380.01	\$ (3,469,826.00)

accompanying Notes to Schedule of Expenditures of Awards and Financial Assistance are an integral part of this schedule

**EAST NEWARK BOROUGH SCHOOL DISTRICT**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL  
AWARDS AND STATE FINANCIAL ASSISTANCE**

**JUNE 30, 2012**

**1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, East Newark Borough 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 Schedules of Federal Awards and State Financial Assistance.

**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 Note 2 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 Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of basic financial statements.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

**EAST NEWARK BOROUGH SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**

**JUNE 30, 2012**  
**(Continued)**

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)**

There were no net adjustments to reconcile from the budgetary basis to the GAAP basis for the general fund and the special revenue fund. See Exhibit "C-3" (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 112,604.00	\$ 3,329,537.74	\$ 3,442,141.74
Special Revenue Fund	549,596.79	129,300.00	678,896.79
Food Service Fund	<u>103,240.15</u>	<u>1,732.26</u>	<u>104,972.41</u>
Total Awards and Financial Assistance	<u>\$ 765,440.94</u>	<u>\$ 3,460,570.00</u>	<u>\$ 4,226,010.94</u>

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

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

**5. 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, 2012. 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, 2012.

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Section I - 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  No
- 2) Significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to basic financial statements noted?  Yes  No

**Federal Awards**

N/A

Internal control over financial reporting:

- 1) Material weakness(es) identified?  Yes  No
- 2) Significant deficiencies identified that are not considered to be material weaknesses?  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.  Yes  No

Identification of major programs:

<b><u>CFDA Number(s)</u></b>	<b><u>Name of Federal Program</u></b>
84.010A	Title I, Part A Basic

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.00

Auditee qualified as low-risk auditee?  Yes  No

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

***Section I - Summary of Auditor's Results  
(Continued)***

**State Awards**

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

Unqualified

Internal control over major programs:

- |   |       |     |                  |               |
|---|-------|-----|------------------|---------------|
| 1) Material weakness(es) identified?  | _____ | Yes | ___ <u>√</u> ___ | No            |
| 2) Significant deficiencies identified that are not considered to be material weaknesses? | _____ | Yes | ___ <u>√</u> ___ | None Reported |

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

\_\_\_\_\_ Yes \_\_\_√\_\_\_ No

Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

12-495-034-5120-078

Equalization Aid

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

\$300,000.00

Auditee qualified as low-risk auditee?

\_\_\_√\_\_\_ Yes \_\_\_\_\_ No

***Section II - Financial Statement Findings***

No financial statement findings that are required to be reported under *Government Auditing Standards*.

**Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs:**

**a) Federal Award Findings and Questioned Costs:**

There were no findings or questioned costs for federal awards.

**b) State Award Findings and Questioned Costs:**

There were no findings or questioned costs for state financial assistance.

**EAST NEWARK BOROUGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

There were no prior years' findings.

