

RIVER EDGE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

River Edge, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
River Edge Board of Education
River Edge, New Jersey
For The Fiscal Year Ended June 30, 2012**

Prepared by:

**Deborah Trainor, Board Secretary/Business Administrator
and Business Office Staff**

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INTRODUCTORY SECTION

River Edge Public Schools

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201/261-3404 Fax 201/261-0698
www.riveredgeschools.org

“Building Bright Futures Together”

Dr. Tova Ben-Dov
Superintendent of Schools

Deborah Trainor
Board Secretary/Business Administrator

October 31, 2012

Honorable President and
Members of the Board of Education
River Edge School District
River Edge, NJ 07661

Dear Board Members:

The comprehensive annual financial report of the River Edge School 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. 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 result of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the Districts' financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the "Independent Auditor's Report".

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 "Independent Auditor's Report", management's discussion and analysis (MD&A), the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the basic financial statements and required supplementary information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: River Edge School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The River Edge Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 6. These include regular, as well as special education for handicapped youngsters. The District completed the 2011-2012 fiscal year with an enrollment of 1,179 students, which is 18 students less than the previous year's enrollment. The following details show the changes in the student enrollment of the District over the last nine years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011/12	1,179	(1.5%)
2010/11	1,197	(.7%)
2009/10	1,206	4.1
2008/09	1,158	.3
2007/08	1,154	2.3
2006/07	1,128	1.5
2005/06	1,111	2.8
2004/05	1,080	2.9
2003/04	1,050	4.8

2.) ECONOMIC CONDITION AND OUTLOOK: The River Edge area is a stable community with only a few new residences each year. However, the Mayor and Council are actively engaged in developing plans for the redevelopment of the business district which will include additional housing.

3.) MAJOR INITIATIVES:

The River Edge Public School District continues to strive to educate all children within the district. Beginning in September 2007 when New Bridge Center was opened, the building has housed several special education classes. 2011-2012 brought the creation of a third special education class that now serves a slightly different student population. These classes are educationally appropriate for the students and have provided the district with cost savings. In addition, the classes are a source of revenue by accepting students from other districts to join the classes on a tuition basis.

Our community continues to attract new residents seeking an excellent school system. Curriculum and staff development are guided by a Tri-district Supervisor of Curriculum and Instruction with costs for this position shared by the Oradell, River Dell and River Edge School Districts. Since the 2008-09 school year, the River Edge Schools have included the position of an instructional coach to guide the implementation of Everyday Mathematics and Reading/Writing Workshop programs. The Board of Education continues to support professional development efforts in order to maintain instructional excellence in the district.

Students in River Edge enjoy a wide variety of educational experiences that extend and broaden the curriculum. The Discovery Room at each building provides a science lab and science teacher to enhance our focus on hands-on science for students at all grade levels. Students enjoy an excellent fine arts program that includes general music instruction for all and instrumental music opportunities for older students. Several performance opportunities for Chorus and Band groups are offered each year. Musically talented and art talented students are given special opportunities to develop their skills through club programs that meet at lunchtime. The physical education program develops students' physical skills and introduces them to lifelong activities that will contribute to their physical well-being in the future. Developmental physical education is offered to students who need extra time and attention to demonstrate good skill development

All learning areas in the schools are equipped with internet access computers and technology is integrated with all subject areas in all classrooms. Computer teachers and classroom teacher's work together to design meaningful activities that extends beyond the subject area curricula. A computer lab and multiple mobile computer labs in each school provide whole class opportunities for students to apply technology learning.

Character development is an important part of the school program. Pupil Assistance Counselors provide social/emotional support to students in crisis and design proactive programs for building students' self-confidence and resiliency. The school nurses and principals work closely with the counselors to identify students and design interventions that are meaningful and appropriate.

Teachers and students from the River Edge Schools are often recognized for excellence by national, state and local educational agencies. During the 2009-10 school year, students were recognized for achievements in the New Jersey Stock Market Game and the County Poster Contest. Student art work was displayed at the local cultural center and musical groups performed for local community groups. Teachers lead staff development courses, teach at universities in the area and serve as consultants to other districts on science and authentic assessment topics. In addition, our administrators serve on the executive boards of their local professional organizations.

Parents are actively involved in our schools; Parent Teacher Organizations take an active role in supporting instructional decisions and activities by communicating school goals and programs to parents and by fundraising to help finance field trips, assemblies, and the purchase of additional instructional materials. In addition, parents serve on committees to consider new programs or initiatives for the district, to establish school goals, and to provide valuable input for technology decisions and the development of security procedures for the schools.

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 accounting principles generally accepted in the United States of America (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 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 each District has complied with applicable laws and regulations.

5.) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General, Special Revenue and Debt Service Funds. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

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. These funds are explained in "Notes to the Basic Financial Statements".

7.) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". 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 Government 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.

8.) 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.

9.) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of a single audit in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditor's report on the basic financial statements and individual fund financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11.) ACKNOWLEDGMENTS:

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

Respectfully submitted,



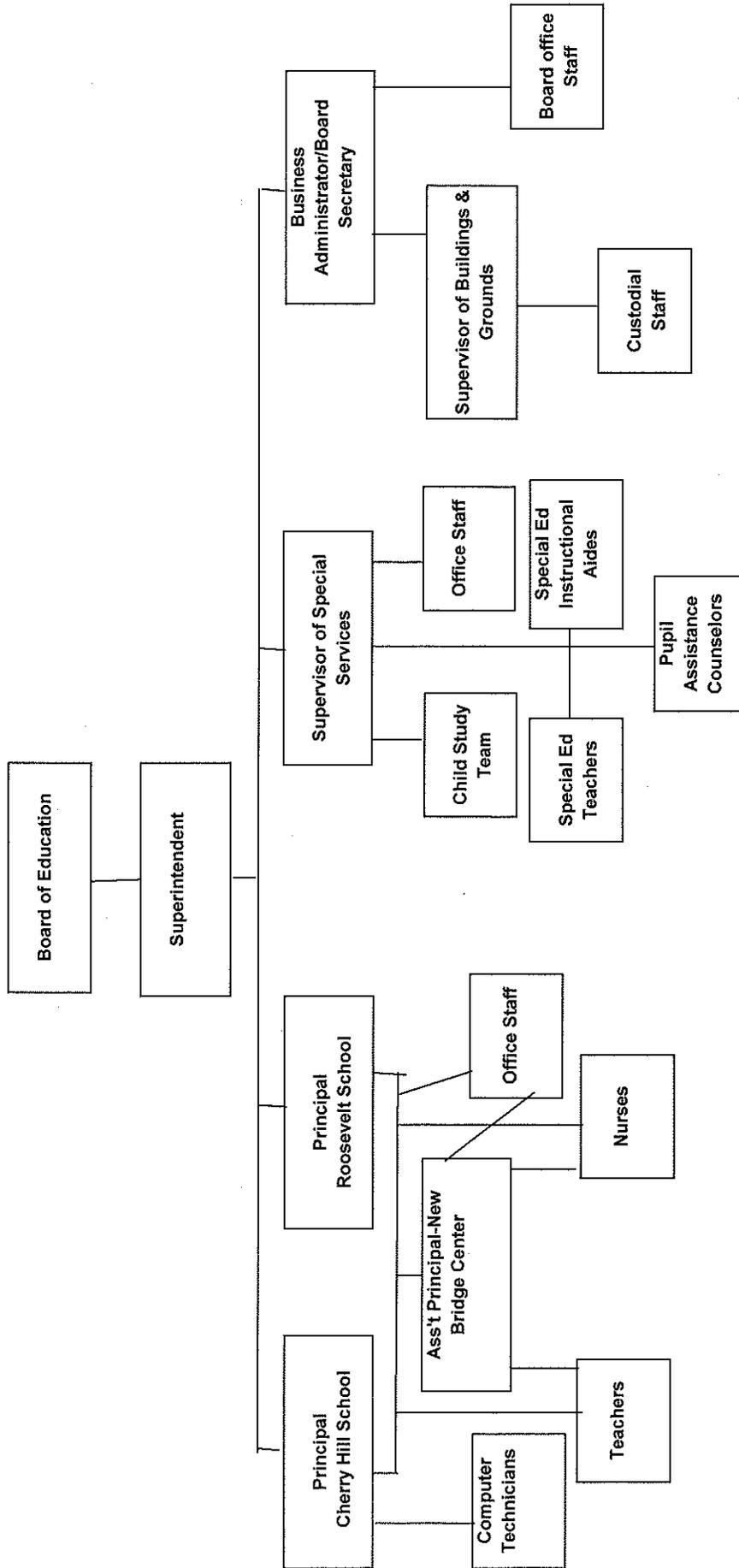
Dr. Tova Ben-Dov
Superintendent of Schools



Deborah Trainer
Board Secretary/Business Administrator

RIVER EDGE BOARD OF EDUCATION

ORGANIZATIONAL CHART



RIVER EDGE BOARD OF EDUCATION

**ROSTER OF OFFICIALS
JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires January</u>
Lucy DiMaulo - President	2014
Sheli Dansky – Vice President	2015
Mary Kay Buckley	2015
Wendy Walker	2013
Paris Myers	2014
Colin Busteed	2013
Vacant	2013

Other Officials

Dr. Tova Ben-Dov - Superintendent
Deborah Trainor – Board Secretary/Business Administrator
Antoinette Kelly – Treasurer

**RIVER EDGE BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

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

Attorney

Stephen Fogarty, Esq.
Fogarty & Hara
16-00 Route 208 S
Fair Lawn, NJ 07410

Official Depository

Capital One Bank
710 Route 46 East
Fairfield, NJ 07004

FINANCIAL SECTION

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the River Edge Board of Education as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

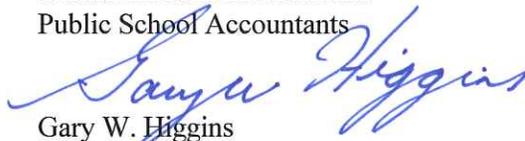
In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2012 on our consideration of the River Edge Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
October 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

This discussion and analysis of the River Edge School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2012 is as follows:

- General revenues accounted for \$14,595,523 or 82 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$3,232,466 or 18 percent of total revenues of \$17,827,989.
- The School District had \$17,608,242 in expenses; only \$3,232,466 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14,595,523 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$15,285,841 in revenues and \$15,212,763 in expenditures. The General Fund's fund balance increased by \$282,292 from the fiscal year ended June 30, 2011.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provides information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at significant funds with all other non-major funds presented in one total column. The General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during the fiscal year ended June 30, 2012?" The Statement of Net Assets and the Statement of Activities answer that question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

Reporting the School District as a Whole (Continued)

Statement of Net Assets and the Statement of Activities (Continued)

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental activities – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Summer Enrichment enterprise funds are reported as business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General, Special Revenue, Capital Projects and Debt Service Funds.

Governmental Funds

The District's activities are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

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

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

The District as a Whole

The Statement of Net Assets provides one perspective of the District as a whole.

Table 1 provides a summary of the District's net assets as of June 30, 2012 and 2011.

Table 1
Net Assets

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Assets						
Current and other assets	\$ 1,794,512	\$ 1,554,293	\$ 60,498	\$ 63,757	\$ 1,855,010	\$ 1,618,050
Capital assets, net	<u>22,016,333</u>	<u>22,535,525</u>	<u>-</u>	<u>-</u>	<u>22,016,333</u>	<u>22,535,525</u>
Total assets	<u>23,810,845</u>	<u>24,089,818</u>	<u>60,498</u>	<u>63,757</u>	<u>23,871,343</u>	<u>24,153,575</u>
Liabilities						
Long-term liabilities	19,863,856	20,348,724			19,863,856	20,348,724
Other liabilities	<u>363,898</u>	<u>376,079</u>	<u>50,950</u>	<u>55,880</u>	<u>414,848</u>	<u>431,959</u>
Total liabilities	<u>20,227,754</u>	<u>20,724,803</u>	<u>50,950</u>	<u>55,880</u>	<u>20,278,704</u>	<u>20,780,683</u>
Net Assets						
Invested in capital assets, net of related debt	\$ 2,447,562	\$ 2,435,374			\$ 2,447,562	\$ 2,435,374
Restricted	267,939	192,189			267,939	192,189
Unrestricted	<u>867,590</u>	<u>737,452</u>	<u>\$ 9,548</u>	<u>\$ 7,877</u>	<u>877,138</u>	<u>745,329</u>
Total net assets	<u>\$ 3,583,091</u>	<u>\$ 3,365,015</u>	<u>\$ 9,548</u>	<u>\$ 7,877</u>	<u>\$ 3,592,639</u>	<u>\$ 3,372,892</u>

The District's combined net assets were \$3,592,639 and \$3,372,892 as of June 30, 2012 and 2011, respectively.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

Table 2 shows changes in net assets for fiscal years ended June 30, 2012 and 2011.

**Table 2
Change in Net Assets**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program revenues						
Charges for services	\$ 484,142	\$ 466,579	\$ 73,360	\$ 74,775	\$ 557,502	\$ 541,354
Operating grants and contributions	2,584,964	2,200,419			2,584,964	2,200,419
Capital grants and contributions	90,000				90,000	-
General revenues						
Property Taxes	14,239,249	14,124,067			14,239,249	14,124,067
Other revenues	356,274	321,864	-	-	356,274	321,864
Total revenues	<u>17,754,629</u>	<u>17,112,929</u>	<u>73,360</u>	<u>74,775</u>	<u>17,827,989</u>	<u>17,187,704</u>
Program Expenses						
Instruction	10,701,076	10,337,994			10,701,076	10,337,994
Support services						
Student and Instructional Related Services	2,206,225	2,367,895			2,206,225	2,367,895
General administration, school						
administration, business/Central	1,783,083	1,614,286			1,783,083	1,614,286
Plant Operation and Maintenance	1,967,932	1,982,410			1,967,932	1,982,410
Pupil Transportation	46,463	93,119			46,463	93,119
Interest on debt	831,774	833,366			831,774	833,366
Food service and summer enrichment	-	-	71,689	74,146	71,689	74,146
Total expenses	<u>17,536,553</u>	<u>17,229,070</u>	<u>71,689</u>	<u>74,146</u>	<u>17,608,242</u>	<u>17,303,216</u>
Change in net assets	218,076	(116,141)	1,671	629	219,747	(115,512)
Net Assets, Beginning of Year	<u>3,365,015</u>	<u>3,481,156</u>	<u>7,877</u>	<u>7,248</u>	<u>3,372,892</u>	<u>3,488,404</u>
Net Assets, End of Year	<u>\$ 3,583,091</u>	<u>\$ 3,365,015</u>	<u>\$ 9,548</u>	<u>\$ 7,877</u>	<u>\$ 3,592,639</u>	<u>\$ 3,372,892</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up 80 and 83 percent of revenues for governmental activities for the River Edge School District in fiscal years 2012 and 2011, respectively. The District's total revenues were \$17,754,629 and \$17,112,929 for the years ended June 30, 2012 and 2011, respectively. Federal, state, and local grants accounted for 15 and 13 percent of revenue for 2012 and 2011, respectively. The total cost of all programs and services was \$17,536,553 and \$17,229,070 for the fiscal years ended June 30, 2012 and 2011, respectively. Instruction comprises 61 and 60 percent of District expenses for the fiscal years ended June 30, 2012 and 2011 respectively.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

Business-Type Activities

Revenues for the District's business-type activities (food service fund and summer enrichment program fund) were comprised of charges for services.

- Total business-type activities revenues exceeded expenses by \$1,671.
- Charges for services of \$73,360 represent 100 percent of revenue. This represents amounts paid for daily milk service and for summer enrichment program services.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

Total Cost and Net Cost of Services

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction	\$ 10,701,076	\$ 10,337,994	\$ 7,817,410	\$ 7,924,147
Support services				
Student and Instructional Related Services	2,206,225	2,367,895	2,044,776	2,211,351
General administration, school administration, Business/Central	1,783,083	1,614,286	1,670,658	1,520,983
Plant Operation and Maintenance	1,967,932	1,982,410	1,967,932	1,982,410
Pupil Transportation	46,463	93,119	44,897	89,815
Interest and fiscal charges	831,774	833,366	831,774	833,366
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	\$ 17,536,553	\$ 17,229,070	\$ 14,377,447	\$ 14,562,072

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

Governmental Activities (Continued)

Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teacher and student, including extracurricular activities.

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

General administration, school administration, and business/central services include expenses associated with administration and financial supervision of the District.

Plant operation and maintenance involve keeping the school grounds, buildings, and equipment in an effective working condition.

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

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$17,754,629 and \$17,112,929 and expenditures were \$17,701,596 and \$17,369,209 during the fiscal years ended June 30, 2012 and 2011, respectively.

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 fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2012 and 2011.

	<u>Year Ended June 30,</u>		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2012</u>	<u>2011</u>		
Local Sources	\$ 14,862,566	\$ 14,693,236	\$ 169,330	1.15%
State Sources	2,371,786	1,886,552	485,234	25.72%
Federal Sources	<u>520,277</u>	<u>533,141</u>	<u>(12,864)</u>	-2.41%
Total Revenues	<u>\$ 17,754,629</u>	<u>\$ 17,112,929</u>	<u>\$ 641,700</u>	3.75%

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

The District's Funds (Continued)

The following schedule represents a summary of governmental fund expenditures for the fiscal years ended June 30, 2012 and 2011.

	<u>Year Ended June 30,</u>		Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
	<u>2012</u>	<u>2011</u>		
Current:				
Instruction	\$ 10,783,246	\$ 10,337,994	\$ 445,252	4.31%
Undistributed Expenditures	5,335,373	5,389,380	(54,007)	-1.00%
Capital Outlay	149,138	22,672	126,466	557.81%
Debt Service:				
Principal	620,000	595,000	25,000	4.20%
Interest and Other Charges	813,839	833,828	(19,989)	-2.40%
Costs of Refunding Bond Issue	-	190,335	(190,335)	100.00%
 Total Expenditures	 <u>\$ 17,701,596</u>	 <u>\$ 17,369,209</u>	 <u>\$ 332,387</u>	 1.91%

Expenditures increased \$332,387 in the 2011/2012 fiscal year as compared to the 2010/2011 fiscal year.

General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over expenditures in specific line item accounts.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

Capital Assets

At the end of fiscal years 2012 and 2011, the District had \$22,016,333 and \$22,535,525 (net of depreciation) in land, buildings, furniture, equipment and vehicles. Table 4 shows fiscal years 2012 and 2011 balances, net of depreciation.

Table 4
Capital Assets at June 30, 2012 and 2011

	Governmental		Business-Type		Totals	
	<u>Types</u>		<u>Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 28,106	\$ 28,106			\$ 28,106	\$ 28,106
Improvements Other Than Buildings	21,000	21,000			21,000	21,000
Buildings and Building Improvements	27,301,506	27,152,368			27,301,506	27,152,368
Machinery and Equipment	<u>365,736</u>	<u>365,736</u>	<u>\$ 2,589</u>	<u>\$ 2,589</u>	<u>368,325</u>	<u>368,325</u>
	27,716,348	27,567,210	2,589	2,589	27,718,937	27,569,799
Less Accumulated Depreciation	<u>(5,700,015)</u>	<u>(5,031,685)</u>	<u>(2,589)</u>	<u>(2,589)</u>	<u>(5,702,604)</u>	<u>(5,034,274)</u>
Capital Assets, Net	<u>\$ 22,016,333</u>	<u>\$ 22,535,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,016,333</u>	<u>\$ 22,535,525</u>

Debt Administration

At June 30, 2012 and 2011, the District had \$19,780,000 and \$20,400,000 of outstanding long-term liabilities, respectively.

Table 5 shows an analysis of the outstanding liabilities.

	<u>2012</u>	<u>2011</u>
Bonds Payable	<u>\$ 19,780,000</u>	<u>\$ 20,400,000</u>

At June 30, 2012, the District's overall legal remaining debt margin was \$25,490,222.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2012

For the Future

The District has maintained the quality programs for students throughout the last several years in spite of a significant reduction in state aid. The District started a third special education class in 2011-2012 which enabled additional students to be educated in District rather than be sent to private placements and has allowed the District to accept students from other Districts on a tuition paying basis. The result is both educationally and financially sound. In addition, the District continues to share services with the member Districts of Region V, the Borough of River Edge, and the River Dell and Oradell School Districts.

The District is committed to financial excellence. The District's system for financial planning, budget and internal financial controls is audited annually. The practice of managing finances in order to meet the many challenges ahead will continue to be a priority.

Contacting the District's Financial Management

If you have questions about this report or need additional information, contact the School Business Administrator at the River Edge Board of Education, 410 Bogert Road, River Edge, NJ 07661.

BASIC FINANCIAL STATEMENTS

RIVER EDGE BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,364,037	\$ 59,283	\$ 1,423,320
Receivables, net			
Receivables from Other Governments	283,526		283,526
Internal Balances	(1,215)	1,215	
Deferred Charges	148,164		148,164
Capital Assets, net			
Not Being Depreciated	28,106		28,106
Being Depreciated	21,988,227	-	21,988,227
Total Assets	<u>23,810,845</u>	<u>60,498</u>	<u>23,871,343</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	24,420		24,420
Payable to State Government	58,135		58,135
Payable to Federal Government	2,368		2,368
Accrued Interest Payable	232,761		232,761
Unearned Revenue	46,214	50,950	97,164
Noncurrent Liabilities			
Due within one year	757,170		757,170
Due beyond one year	19,106,686	-	19,106,686
Total Liabilities	<u>20,227,754</u>	<u>50,950</u>	<u>20,278,704</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,447,562		2,447,562
Restricted for			
Capital Projects	179,047		179,047
Debt Service	88,892		88,892
Unrestricted	867,590	9,548	877,138
Total Net Assets	<u>\$ 3,583,091</u>	<u>\$ 9,548</u>	<u>\$ 3,592,639</u>

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

RIVER EDGE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 6,881,874	\$ 484,142	\$ 905,978	\$ 90,000	\$ (5,885,896)	\$ (5,885,896)	\$ (5,885,896)
Special Education	2,840,848		913,045		(1,443,661)	(1,443,661)	(1,443,661)
Other Instruction	978,354		490,501		(487,853)	(487,853)	(487,853)
Support Services							
Student and Instruction Related Services	2,206,225		161,449		(2,044,776)	(2,044,776)	(2,044,776)
General Administration Services	565,502				(565,502)	(565,502)	(565,502)
School Administration Services	852,329		62,988		(789,341)	(789,341)	(789,341)
Business/Central Services	365,252		49,437		(315,815)	(315,815)	(315,815)
Plant Operations and Maintenance	1,967,932				(1,967,932)	(1,967,932)	(1,967,932)
Pupil Transportation	46,463		1,566		(44,897)	(44,897)	(44,897)
Interest and Other Charges on Debt	831,774				(831,774)	(831,774)	(831,774)
Total Governmental Activities	17,536,553	484,142	2,584,964	90,000	(14,377,447)	(14,377,447)	(14,377,447)
Business-Type Activities							
Food Service	15,273	16,519			\$ 1,246	1,246	1,246
Summer Enrichment Program	56,416	56,841			425	425	425
Total Business-Type Activities	71,689	73,360			1,671	1,671	1,671
Total Primary Government	\$ 17,608,242	\$ 557,502	\$ 2,584,964	\$ 90,000	(14,377,447)	1,671	(14,375,776)
General Revenues							
Property Taxes, levied for General Purposes					12,983,676		12,983,676
Property Taxes, levied for Debt Service					1,255,573		1,255,573
State Aid - Unrestricted					217,099		217,099
Investment Earnings					10,334		10,334
Miscellaneous Income					128,841		128,841
Total General Revenues					14,595,523		14,595,523
Change in Net Assets					218,076	1,671	219,747
Net Assets, Beginning of Year					3,365,015	7,877	3,372,892
Net Assets, End of Year					\$ 3,583,091	\$ 9,548	\$ 3,592,639

FUND FINANCIAL STATEMENTS

**RIVER EDGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,254,748		\$ 25,730	\$ 83,559	\$ 1,364,037
Receivables, Net					
Due from Other Funds	117,092			5,333	122,425
Receivables from Other Governments	<u>64,508</u>	<u>\$ 219,018</u>	<u>-</u>	<u>-</u>	<u>283,526</u>
Total Assets	<u>\$ 1,436,348</u>	<u>\$ 219,018</u>	<u>\$ 25,730</u>	<u>\$ 88,892</u>	<u>\$ 1,769,988</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accrued Salaries and Benefits	\$ 24,420				\$ 24,420
Due to Other Funds	1,246	\$ 116,801	\$ 5,593		123,640
Payable to Federal Government		2,368			2,368
Payable to State Government		58,135			58,135
Deferred Revenue	<u>4,500</u>	<u>41,714</u>	<u>-</u>	<u>-</u>	<u>46,214</u>
Total Liabilities	<u>30,166</u>	<u>219,018</u>	<u>5,593</u>	<u>-</u>	<u>254,777</u>
Fund Balances					
Restricted:					
Capital Reserve	179,047				179,047
Excess Surplus - Designated for Subsequent Year's Expenditures	173,504				173,504
Excess Surplus	736,709				736,709
Debt Service Fund				\$ 88,892	88,892
Assigned:					
Year-end Encumbrances	71,156		20,137		91,293
Designated for Subsequent Year's Expenditures	120,000				120,000
Unassigned					
General Fund	<u>125,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,766</u>
Total Fund Balances	<u>1,406,182</u>	<u>-</u>	<u>20,137</u>	<u>88,892</u>	<u>1,515,211</u>
Total Liabilities and Fund Balances	<u>\$ 1,436,348</u>	<u>\$ 219,018</u>	<u>\$ 25,730</u>	<u>\$ 88,892</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$27,716,348 and the accumulated depreciation is \$5,700,015. 22,016,333

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (232,761)

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

Bonds Payable	(19,737,072)	
Capital Leases	(126,784)	
Cost of Issuance	<u>148,164</u>	
		<u>(19,715,692)</u>

Net assets of governmental activities \$ 3,583,091

**RIVER EDGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Taxes	\$ 12,983,676			\$ 1,255,573	\$ 14,239,249
Tuition	484,142				484,142
Interest	10,074		\$ 260		10,334
Miscellaneous	128,841	-	-	-	128,841
Total - Local Sources	<u>13,606,733</u>	<u>-</u>	<u>260</u>	<u>1,255,573</u>	<u>14,862,566</u>
State Sources	1,676,742	\$ 477,945		217,099	2,371,786
Federal Sources	2,366	427,911	90,000	-	520,277
Total Revenues	<u>15,285,841</u>	<u>905,856</u>	<u>90,260</u>	<u>1,472,672</u>	<u>17,754,629</u>
EXPENDITURES					
Current					
Regular Instruction	6,964,044				6,964,044
Special Education Instruction	2,501,773	339,075			2,840,848
Other Instruction	573,022	405,332			978,354
Support Services and Undistributed Costs					
Student and Instruction Related Services	2,042,199	161,449			2,203,648
General Administration Services	565,502				565,502
School Administration Services	852,329				852,329
Business/Central Services	365,252				365,252
Plant Operations and Maintenance	1,302,179				1,302,179
Pupil Transportation	46,463				46,463
Debt Service					
Principal				620,000	620,000
Interest				813,839	813,839
Capital Outlay	-	-	149,138	-	149,138
Total Expenditures	<u>15,212,763</u>	<u>905,856</u>	<u>149,138</u>	<u>1,433,839</u>	<u>17,701,596</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>73,078</u>	<u>-</u>	<u>(58,878)</u>	<u>38,833</u>	<u>53,033</u>
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds (Non-Budget)	208,954				208,954
Transfers In	260			5,333	5,593
Transfers Out	-	-	(5,593)	-	(5,593)
Total Other Financing Sources (Uses)	<u>209,214</u>	<u>-</u>	<u>(5,593)</u>	<u>5,333</u>	<u>208,954</u>
Net Change in Fund Balances	282,292	-	(64,471)	44,166	261,987
Fund Balance, Beginning of Year	1,123,890	-	84,608	44,726	1,253,224
Fund Balance, End of Year	<u>\$ 1,406,182</u>	<u>\$ -</u>	<u>\$ 20,137</u>	<u>\$ 88,892</u>	<u>\$ 1,515,211</u>

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

**RIVER EDGE BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 261,987

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

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

Capital Outlays	\$ 149,138	
Depreciation Expense	<u>(668,330)</u>	
		(519,192)

The Issuance of Long Term Debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:

Principal Repayments		
Bonds Payable	620,000	
Capital Leases Paid	<u>82,170</u>	
		702,170
Debt Issued		
Capital Leases		(208,954)

Governmental Funds report the effect of issuance costs, premiums and deferred amounts on refundings pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Premium		10,780
Amortization of Deferred Amount on Refunding		(19,128)
Amortization of Issuance Costs		(15,801)

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

Decrease in accrued interest		<u>6,214</u>
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Change in net assets of governmental activities (Exhibit A-2) \$ 218,076

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

**RIVER EDGE BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2012**

	Other Non-Major Enterprise Fund <u>Totals</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 59,283
Due from Other Funds	<u>1,246</u>
Total Current Assets	<u>60,529</u>
Capital Assets	
Machinery and Equipment	2,589
Less: Accumulated Depreciation	<u>(2,589)</u>
Total Capital Assets	<u>-</u>
Total Assets	<u>60,529</u>
LIABILITIES	
Unearned Revenue	50,950
Due to Other Funds	<u>31</u>
Total Liabilities	<u>50,981</u>
NET ASSETS	
Unrestricted	<u>9,548</u>
Total Net Assets	<u>\$ 9,548</u>

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

**RIVER EDGE BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Other Non-Major Enterprise Fund <u>Totals</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales/Program Fees	\$ 73,360
	<hr/>
Total Operating Revenues	73,360
	<hr/>
OPERATING EXPENSES	
Salaries and Wages	56,416
Cost of Sales	15,273
	<hr/>
Total Operating Expenses	71,689
	<hr/>
Operating Income/Change in Net Assets	1,671
Net Assets, Beginning of Year	7,877
	<hr/>
Net Assets, End of Year	\$ 9,548
	<hr/>

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

**RIVER EDGE BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Other Non-Major Enterprise Fund <u>Totals</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 68,430
Cash Payments for Employees Salaries and Benefits	(56,416)
Cash Payments to Suppliers for Goods and Services	<u>(15,273)</u>
Net Cash Used by Operating Activities	<u>(3,259)</u>
Cash Flows from Noncapital Financing Activities	
Cash Paid to Other Funds	<u>(1,233)</u>
Net Cash Used by Noncapital Financing Activities	<u>(1,233)</u>
Net Decrease in Cash and Cash Equivalents	(4,492)
Cash and Cash Equivalents, Beginning of Year	<u>63,775</u>
Cash and Cash Equivalents, End of Year	<u>\$ 59,283</u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities	
Operating Income	\$ <u>1,671</u>
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities	
Change in Assets and Liabilities	
Decrease in Unearned Revenue	<u>(4,930)</u>
Total Adjustments	<u>(4,930)</u>
Net Cash Used by Operating Activities	<u>\$ (3,259)</u>

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

**RIVER EDGE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2012**

	<u>Private Purpose Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Trust and Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 217,006	\$ 169,824	\$ 101,272
Due from Other Funds			1,496
Intergovernmental Receivable - Other	<u>38,682</u>	<u>-</u>	<u>-</u>
Total Assets	<u>255,688</u>	<u>169,824</u>	<u>\$ 102,768</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 89,493
Accrued Salaries and Wages			5,322
Due to Student Groups			7,953
Due to Other Funds		1,496	
Other Current Liabilities	2,649		
Intergovernmental Payable	<u>-</u>	<u>1,917</u>	<u>-</u>
Total Liabilities	<u>2,649</u>	<u>3,413</u>	<u>\$ 102,768</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 253,039</u>	<u>\$ 166,411</u>	

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

**RIVER EDGE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Private Purpose Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS		
Contributions		
Employees		\$ 27,300
Other Governments	\$ 6,154,317	
Investment Earnings		651
Other	<u>7,306</u>	<u>-</u>
 Total Additions	 <u>6,161,623</u>	 <u>27,951</u>
DEDUCTIONS		
Transportation and Special Education	6,072,996	
Unemployment Claims and Contributions	<u>-</u>	<u>28,086</u>
 Total Deductions	 <u>6,072,996</u>	 <u>28,086</u>
 Change in Net Assets	 88,627	 (135)
Net Assets, Beginning of Year	252,003	166,546
Prior Period Adjustment	<u>(87,591)</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 253,039</u>	<u>\$ 166,411</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds.

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

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

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

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and non-major individual enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental funds to be major funds.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

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

The District reports the following non-major proprietary funds which are organized to be self-supporting through user charges:

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

The *summer enrichment program fund* accounts for the activities of the District's Summer Enrichment Program.

Additionally, the government reports the following fund types:

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

The River Edge Board of Education serves as the sponsoring LEA for all business conducted by the Region V. The Region is comprised of certain member school districts within the County of Bergen which was established to provide for the transportation and instruction of special education students. The Region consists of a Superintendent's Advisory Council (SAC) which is comprised of the chief school administrators of the participating Boards of Education. The affairs of the Region are managed and governed by the SAC. The SAC approves the bylaws of the organization and appoints a Director to implement them. The Director of the Region is employed by the sponsoring local education agency (LEA) and is directly responsible to the SAC. The SAC is responsible to formulate policies and administrative guides for handicapped students in the Region, establishing a budget and coordinating the transportation and instruction related services provided by the Region.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

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

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

2. *Receivables and Payables*

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

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. *Receivables and Payables* (Continued)

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

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2010-2011 and 2011-2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

3. *Inventories*

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

4. *Capital Assets*

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets (Continued)*

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and Building Improvements	40-45
Improvements Other than Buildings	20
Machinery and Equipment	5-20

5. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits.

6. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Fund Equity*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Fund Equity (Continued)

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

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that was appropriated in the 2012/2013 original budget certified for taxes.

Reserved Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that is required to be appropriated in the 2013/2014 original budget certified for taxes.

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

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

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

8. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2011/2012. During 2011/2012 the Board increased the original budget by \$304,697. The increase was funded by the appropriation of prior year encumbrances, additional grant awards and the appropriation of Education Jobs Fund Aid.

On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 1, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law.

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

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

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

A capital reserve account was established by the District on October 4, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the fiscal year ended June 30, 2012 is as follows:

Balance, July 1, 2011		\$ 147,463
Increases:		
Interest	\$ 618	
Deposits Approved by Board Resolution	20,966	
Deposits Approved by Voters in District Budget	<u>10,000</u>	
Total Increases		<u>31,584</u>
Balance, June 30, 2012		<u>\$ 179,047</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects is \$21,833,398.

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2012 is \$910,213. Of this amount, \$173,504 was designated and appropriated in the 2012/2013 original budget certified for taxes and the remaining amount of \$736,709 will be appropriated in the 2013/2014 original budget certified for taxes.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2012, the book value of the Board's deposits was \$1,911,422 and bank balances of the Board's cash and deposits amounted to \$2,319,560. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 2,319,560</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2012 the Board had no bank balances exposed to custodial credit risk.

Investments

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

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments (Continued)

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

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

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

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

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

B. Receivables

Receivables as of June 30, 2012 for the district’s individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Private Purpose Trust</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 64,508	\$ 219,018	\$ 38,682	\$ 322,208
Gross Receivables	64,508	219,018	38,682	322,208
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 64,508</u>	<u>\$ 219,018</u>	<u>\$ 38,682</u>	<u>\$ 322,208</u>

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

	<u>Unearned</u>
General Fund	
Tuition Charges Prepaid	\$ 4,500
Special Revenue Fund	
Grant Draw Downs Reserved for Encumbrances	<u>41,714</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$46,214</u>

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

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

	Balance, July 1, 2011	Increases	Decreases	Balance, June 30, 2012
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 28,106	-	-	\$ 28,106
Total capital assets, not being depreciated	<u>28,106</u>	<u>-</u>	<u>-</u>	<u>28,106</u>
Capital assets, being depreciated:				
Improvements other than buildings	21,000			21,000
Buildings and Building Improvements	27,152,368	\$ 149,138		27,301,506
Machinery and equipment	365,736	-	-	365,736
Total capital assets being depreciated	<u>27,539,104</u>	<u>149,138</u>	<u>-</u>	<u>27,688,242</u>
Less accumulated depreciation for:				
Improvements other than buildings	(18,315)	(1,050)		(19,365)
Buildings and building improvements	(4,734,866)	(651,030)		(5,385,896)
Machinery and equipment	(278,504)	(16,250)	-	(294,754)
Total accumulated depreciation	<u>(5,031,685)</u>	<u>(668,330)</u>	<u>-</u>	<u>(5,700,015)</u>
Total capital assets, being depreciated, net	<u>22,507,419</u>	<u>(519,192)</u>	<u>-</u>	<u>21,988,227</u>
Governmental activities capital assets, net	<u>\$ 22,535,525</u>	<u>\$ (519,192)</u>	<u>\$ -</u>	<u>\$ 22,016,333</u>
Business-type Activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 2,589	-	-	\$ 2,589
Total capital assets being depreciated	<u>2,589</u>	<u>-</u>	<u>-</u>	<u>2,589</u>
Less accumulated depreciation for:				
Machinery and equipment	(2,589)	-	-	(2,589)
Total accumulated depreciation	<u>(2,589)</u>	<u>-</u>	<u>-</u>	<u>(2,589)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental activities:

Support Services	
Student and Instruction Related Services	\$ 2,577
Operations and Maintenance of Plant	665,753
Total Support Services	<u>668,330</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 668,330</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$ 116,801
General Fund	Capital Projects	260
General Fund	Summer Enrichment	31
Food Service Fund	General Fund	1,246
Payroll Agency Fund	Unemployment Fund	1,496
Debt Service Fund	Capital Projects	<u>5,333</u>
		 <u>\$ 125,167</u>

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

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

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Transfer Out:			
Capital Projects Fund	\$ 260	\$ 5,333	\$ 5,593
Total transfers Out	<u>\$ 260</u>	<u>\$ 5,333</u>	<u>\$ 5,593</u>

E. Leases

Capital Leases

The District is leasing technology equipment totaling \$208,954 under capital leases. The leases are for a term of 3 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2013	\$ 72,170
2014	<u>61,374</u>
Total minimum lease payments	133,544
Less: amount representing interest	<u>(6,760)</u>
Present value of minimum lease payments	<u>\$ 126,784</u>

The above transfer is the result of revenues earned one fund to finance expenditures in another fund.

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2012 are comprised of the following issues:

\$10,000,000, 2005 Bonds, due in annual installments of \$240,000 to \$625,000 through February 1, 2031, interest at 4.125% to 4.250%	\$8,850,000
\$8,855,000, 2006 Bonds, due in annual installments of \$170,000 to \$925,000 through October 15, 2031, interest at 4.125% to 4.200%	8,110,000
\$2,820,000, 2011 Refunding Bonds, due in annual Installments of \$275,000 to \$295,000 through December 1, 2021, interest 2.000% to 4.000%	<u>2,820,000</u>
	<u>\$19,780,000</u>

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Bonds Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 685,000	\$ 789,477	\$ 1,474,477
2014	705,000	766,961	1,471,961
2015	730,000	742,169	1,472,169
2016	760,000	715,680	1,475,680
2017	785,000	688,877	1,473,877
2018-2022	4,410,000	2,968,103	7,378,103
2023-2027	5,465,000	1,971,023	7,436,023
2028-2032	<u>6,240,000</u>	<u>688,108</u>	<u>6,928,108</u>
	<u>\$ 19,780,000</u>	<u>\$ 9,330,398</u>	<u>\$ 29,110,398</u>

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

2.5% of Equalized Valuation Basis (Municipal)	\$ 45,270,222
Less: Net Debt	<u>(19,780,000)</u>
Remaining Borrowing Power	<u>\$ 25,490,222</u>

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	Balance, July 1, 2011	Additions	Reductions	Balance, June 30, 2012	Due Within One Year
Governmental activities:					
Bonds payable	\$ 20,400,000		\$ 620,000	\$ 19,780,000	\$ 685,000
Add: Unamortized Premium	66,212		10,780	55,432	
Less: Unamortized Deferred Amount on Refunding	<u>(117,488)</u>	<u>-</u>	<u>(19,128)</u>	<u>(98,360)</u>	<u>-</u>
Net Bonds Payable	20,348,724		611,652	19,737,072	685,000
Capital Leases	<u>-</u>	<u>\$ 208,954</u>	<u>82,170</u>	<u>126,784</u>	<u>72,170</u>
Governmental activity Long-term liabilities	<u>\$ 20,348,724</u>	<u>\$ 208,954</u>	<u>\$ 693,822</u>	<u>\$ 19,863,856</u>	<u>\$ 757,170</u>

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 27,300	\$ 28,086	\$ 166,411
2011	27,555	37,739	166,546
2010	28,817	31,946	175,331

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2012, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2012, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – 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.

Other Pension Funds

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

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

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

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

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

Basis of Accounting

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

Investment Valuation

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

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

Significant Legislation

P.L. 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 final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation (Continued)

- 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.
- 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).

Funding Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 billion.

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

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

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.91 percent for TPAF.

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2012, 2011 and 2010 the Board was required to contribute for PERS, for the fiscal year ended June 30, 2012 the Board was required to contribute to DCRP and during the years ended June 30, 2012, 2011 and 2010 the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2012	\$ 244,360	\$ 235,078	\$ 6,412
2011	230,767	22,221	577
2010	162,961	23,486	

During the previous two years the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$235,078 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010 the State contributed \$22,221 and \$23,486, respectively for NCGI premium only.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$526,749 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, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans (OPEB)*, effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2011.

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

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

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

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

P.L. 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.

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2010, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$472,568, \$471,966 and \$441,097, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 PRIOR PERIOD ADJUSTMENTS

The Board's Private Purpose Trust Fund Statement of Fiduciary Net Assets has been adjusted to reflect the balances in the Region V Statement of Net Assets as of June 30, 2011.

	<u>Beginning Balance Prior to Adjustment</u>	<u>Adjustment</u>	<u>Beginning Balance Adjusted</u>
LIABILITIES			
Current Liabilities			
Other Current Liabilities	\$ 15,672	\$ (15,672)	
Due to Other Funds	460,405	4,231	\$ 464,636
Unearned Revenue	-	99,032	99,032
 Total Current Liabilities	 476,077	 87,591	 563,668
 NET ASSETS			
Unrestricted	252,003	(87,591)	164,412

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 6 SUBSEQUENT EVENTS

The Board issued \$8,515,000 of Refunding School Bonds dated September 27, 2012 having an interest rate ranging from 1.50% to 4.00%. The Bonds will mature over nineteen (19) years with the first maturity due February 1, 2013.

The purpose of the Bonds is to (i) advance refund all or a portion of the outstanding callable principle amount of the originally issued \$10,000,000 School Bonds of the Board dated December 1, 2005 and maturing on or after February 1, 2016 at par plus any unpaid accrued interest to August 15, 2015, the call date for the refunding bonds and (ii) paying the costs of issuance with respect to the Bonds.

BUDGETARY COMPARISON SCHEDULES

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 12,983,676		\$ 12,983,676	\$ 12,983,676	
Tuition	447,704		447,704	484,142	\$ 36,438
Interest	24,000		24,000	9,456	(14,544)
Interest - Capital Restricted Fund	600		600	618	18
Miscellaneous	89,917	-	89,917	128,841	38,924
Total Local Sources	13,545,897	-	13,545,897	13,606,733	60,836
State Sources					
Special Education Categorical Aid	310,613		310,613	310,613	-
Extraordinary Aid	130,000		130,000	198,009	68,009
Non Public Transportation Aid Reimbursement				1,566	1,566
On-behalf TPAF Pension System Payments Normal Cost (Non-Budget)				212,296	212,296
On-behalf TPAF Pension System Payments NCGI Premium (Non-Budget)				22,782	22,782
On-behalf TPAF Post-Retirement Medical (Non-Budget)				472,568	472,568
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	526,749	526,749
Total State Sources	440,613	-	440,613	1,744,583	1,303,970
Federal Sources					
Education Jobs Fund	-	\$ 2,366	2,366	2,366	-
Total Federal Sources	-	2,366	2,366	2,366	-
Total Revenues	13,986,510	2,366	13,988,876	15,353,682	1,364,806
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	54,835	14,500	69,335	58,309	11,026
Kindergarten	613,030	(124,375)	488,655	485,661	2,994
Grades 1-5	3,396,551	(69,340)	3,327,211	3,235,481	91,730
Grades 6-8	769,314	(110,675)	658,639	646,264	12,375
Regular Program - Home Instruction					
Salaries of Teachers	5,500	9,395	14,895	14,893	2
Other Salaries for Instruction	14,900	22,925	37,825	36,174	1,651
Purchased Professional - Educational Services	37,534	(28,675)	8,859	3,041	5,818
Purchased Technical Services	10,000	(10,000)	-	-	-
General Supplies	2,700	-	2,700	2,445	255
Regular Programs - Undistributed Instruction					
Other Purchased Services	68,255	57,839	126,094	122,856	3,238
General Supplies	182,036	(20,589)	161,447	159,681	1,766
Workbooks		27,571	27,571	27,102	469
Textbooks	75,044	7,200	82,244	71,008	11,236
Other Objects	95,500	(100)	95,400	94,607	793
Miscellaneous Expenditures	-	15,000	15,000	12,204	2,796
Assets Acquired Under Capital Leases (Non-Budget)	-	-	-	208,954	(208,954)
Total Regular Programs	5,325,199	(209,324)	5,115,875	5,178,680	(62,805)

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Multiple Disabilities					
Salaries of Teachers	\$ 65,010	\$ 125	\$ 65,135	\$ 65,121	\$ 14
Other Salaries for Instruction	413,303	188,055	601,358	601,353	5
Total Multiple Disabilities	478,313	188,180	666,493	666,474	19
Resource Room/Resource Center					
Salaries of Teachers	380,300	22,970	403,270	403,169	101
General Supplies	6,337	-	6,337	5,921	416
Total Resource Room/Resource Center	386,637	22,970	409,607	409,090	517
Autism					
Salaries of Teachers	127,985	69,557	197,542	182,342	15,200
Other Salaries for Instruction	712,214	(82,075)	630,139	600,661	29,478
Purchased Professional - Educational Services	17,825	(12,350)	5,475	200	5,275
Purchased Technical Services	-	-	-	-	-
General Supplies	5,055	6,040	11,095	7,297	3,798
Other Objects	2,500	-	2,500	2,449	51
Total Autism	865,579	(18,828)	846,751	792,949	53,802
Total Special Education	1,730,529	192,322	1,922,851	1,868,513	54,338
Basic Skills/Remedial					
Salaries of Teachers	271,905	13,934	285,839	285,839	-
General Supplies	4,514	600	5,114	4,231	883
Other Objects	496	-	496	-	496
Total Basic Skills/Remedial	276,915	14,534	291,449	290,070	1,379
Bilingual Education					
Salaries of Teachers	117,125	1,550	118,675	118,656	19
General Supplies	3,543	610	4,153	4,113	40
Total Bilingual Education	120,668	2,160	122,828	122,769	59
Total Instruction	7,453,311	(308)	7,453,003	7,460,032	(7,029)
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	-	36,698	36,698	11,818	24,880
Total Undistributed Expenditures - Instruction	-	36,698	36,698	11,818	24,880
Attendance and Social Work Services					
Salaries	3,500	(2,436)	1,064	500	564
Purchased Professional and Technical Services	8,400	6,711	15,111	15,106	5
Total Attendance and Social Work Services	11,900	4,275	16,175	15,606	569

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 241,605	\$ 7,801	\$ 249,406	\$ 249,394	\$ 12
Supplies and Materials	3,803	-	3,803	3,142	661
Total Health Services	245,408	7,801	253,209	252,536	673
Other Support Serv. Students - Related Serv.					
Salaries	155,075	3,250	158,325	158,310	15
Purchased Professional - Educational Services	138,000	(118,673)	19,327	-	19,327
Supplies and Materials	3,816	-	3,816	2,553	1,263
Other Objects	1,250	36,800	38,050	17,401	20,649
Total Other Support Serv. Students - Related Serv.	298,141	(78,623)	219,518	178,264	41,254
Other Support Services-Students-Guidance					
Salaries of Other Professional Staff	121,100	3,960	125,060	125,043	17
Other Salaries	4,000	-	4,000	3,811	189
Supplies and Materials	769	-	769	688	81
Total Other Support Services - Students - Guidance	125,869	3,960	129,829	129,542	287
Other Support Services-Students-Child Study Team					
Salaries of Other Professional Staff	377,011	(65,491)	311,520	299,692	11,828
Salaries of Secretarial and Clerical Assistants	37,079	4,701	41,780	32,331	9,449
Other Salaries	266,112	36,308	302,420	279,293	23,127
Purchased Professional - Educational Services	19,000	(1,807)	17,193	17,180	13
Supplies and Materials	29,700	-	29,700	18,916	10,784
Total Other Support Services - Students - Child Study Team	728,902	(26,289)	702,613	647,412	55,201
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	-	71,757	71,757	71,643	114
Purchased Professional and Technical Services	78,000	(73,225)	4,775	4,759	16
Other Purchased Services	2,500	(2,350)	150	-	150
Total Improvement of Instructional Services	80,500	(3,818)	76,682	76,402	280
Educational Media Services/School Library					
Salaries	146,250	1,175	147,425	147,410	15
Salaries of Technology Coordinators	87,852	1,800	89,652	87,921	1,731
Supplies and Materials	11,781	-	11,781	10,880	901
Total Educational Media Serv./School Library	245,883	2,975	248,858	246,211	2,647
Staff Training Services					
Salaries	-	1,075	1,075	1,056	19
Purchased Professional Educational Services	30,000	27,050	57,050	57,037	13
Total Staff Training Services	30,000	28,125	58,125	58,093	32

RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 294,082	\$ 32,075	\$ 326,157	\$ 311,236	\$ 14,921
Legal Services	44,000	(16,225)	27,775	22,798	4,977
Audit Fees	22,000	(1)	21,999	19,550	2,449
Other Purchased Professional Services	14,000	13,435	27,435	10,520	16,915
Purchased Technical Services	7,500	-	7,500	-	7,500
Communications/Telephone	34,000	(1,425)	32,575	29,525	3,050
Miscellaneous Purchased Services	28,865	(22,690)	6,175	1,297	4,878
Residential Costs	-	250	250	250	-
Misc Purch Srv(400-500 OTH	-	14,837	14,837	14,837	-
Misc Purch Srv-Trans	-	5,588	5,588	5,588	-
General Supplies	24,000	(763)	23,237	22,898	339
Miscellaneous Expenditures	12,000	3,095	15,095	15,093	2
BOE Membership Dues and Fees	9,600	-	9,600	9,073	527
Total Support Services General Administration	490,047	28,176	518,223	462,665	55,558
Support Services School Administration					
Salaries of Principal/Asst. Principals	390,498	(82,800)	307,698	307,698	-
Salaries of Other Professional Staff	-	114,206	114,206	114,206	-
Salaries of Secretarial and Clerical Assistants	179,692	14,865	194,557	194,551	6
Supplies and Materials	19,000	2,750	21,750	21,698	52
Total Support Services School Administration	589,190	49,021	638,211	638,153	58
Support Services Central Services					
Salaries	264,047	(17,107)	246,940	241,503	5,437
Supplies and Materials	19,000	4,275	23,275	19,092	4,183
Total Support Services Central Services	283,047	(12,832)	270,215	260,595	9,620
Admin. Info. Technology					
Other Purchased Services	7,200	8,175	15,375	9,459	5,916
Total Admin. Info. Technology	7,200	8,175	15,375	9,459	5,916
Required Maintenance for School Facilities					
Salaries	101,850	-	101,850	101,348	502
Cleaning, Repair and Maintenance	85,500	95,090	180,590	174,256	6,334
General Supplies	2,000	75	2,075	1,849	226
Total Required Maintenance for School Fac.	189,350	95,165	284,515	277,453	7,062
Custodial Services					
Salaries	472,122	4,555	476,677	473,027	3,650
Salaries of Secretarial and Clerical Assistants	-	30,420	30,420	30,371	49
Cleaning, Repair and Maintenance	38,522	(14,625)	23,897	19,673	4,224
Rental of Land & Buildings	-	600	600	600	-
Other Purchased Property Services	6,500	1,400	7,900	7,887	13
Insurance	63,300	(10,500)	52,800	51,323	1,477
General Supplies	26,500	7,505	34,005	33,982	23
Energy (Electricity)	213,000	(42,890)	170,110	166,745	3,365
Energy (Natural Gas)	111,150	(55,240)	55,910	55,572	338
Other Objects	4,200	-	4,200	3,619	581
Total Custodial Services	935,294	(78,775)	856,519	842,799	13,720
Student Transportation Services					
Salaries for Pupil Trans	40,000	(3,000)	37,000	20,496	16,504
Contracted Services (Spl. Ed. Students) - Vendors	30,000	(5,050)	24,950	4,003	20,947
Contracted Services (Spl. Ed. Students) - Joint Agrmnts.	-	3,375	3,375	2,363	1,012
Contracted Services-Aid in Lieu Pymts - Non Pub	18,000	(7,680)	10,320	9,724	596
Other Objects	-	3,730	3,730	3,711	19
Total Student Transportation Services	88,000	(8,625)	79,375	40,297	39,078

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 255,440	\$ (225)	\$ 255,215	\$ 189,578	\$ 65,637
Other Retirement Contributions - PERS	265,382	(850)	264,532	244,360	20,172
DCRP Employer Contribution	-	6,425	6,425	6,412	13
Workmen's Compensation	125,047	(23,250)	101,797	97,697	4,100
Health Benefits	2,093,771	(35,439)	2,058,332	1,765,375	292,957
Tuition Reimbursement	12,000	250	12,250	12,228	22
Other Employee Benefits	35,000	-	35,000	28,880	6,120
	<u>2,786,640</u>	<u>(53,089)</u>	<u>2,733,551</u>	<u>2,344,530</u>	<u>389,021</u>
On-behalf TPAF Pension System Payments					
Normal Cost (Non-Budget)				212,296	(212,296)
On-behalf TPAF Pension System Payments					
NCGI Premium (Non-Budget)				22,782	(22,782)
On-behalf TPAF Post-Retirement Medical					
(Non-Budget)				472,568	(472,568)
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	526,749	(526,749)
	<u>7,135,371</u>	<u>2,320</u>	<u>7,137,691</u>	<u>7,726,230</u>	<u>(588,539)</u>
Total Undistributed Expenditures					
Total Expenditures - Current Expenditures	<u>14,588,682</u>	<u>2,012</u>	<u>14,590,694</u>	<u>15,186,262</u>	<u>(595,568)</u>
CAPITAL OUTLAY					
Increase in Capital Reserve	10,000	(10,000)	-	-	-
Interest Earned on Capital Reserve	600	(600)	-	-	-
Equipment - Buildings and Grounds	-	30,000	30,000	-	30,000
Facilities Acquisition and Construction Services					
Other Objects	9,207	-	9,207	9,207	-
Total Facilities Acquis. and Const. Services	<u>9,207</u>	<u>30,000</u>	<u>39,207</u>	<u>9,207</u>	<u>30,000</u>
Total Capital Outlay	<u>19,807</u>	<u>19,400</u>	<u>39,207</u>	<u>9,207</u>	<u>30,000</u>
Transfer of Funds to Charter School	17,294	-	17,294	17,294	-
Total Expenditures	<u>14,625,783</u>	<u>21,412</u>	<u>14,647,195</u>	<u>15,212,763</u>	<u>(565,568)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	<u>(639,273)</u>	<u>(19,046)</u>	<u>(658,319)</u>	<u>140,919</u>	<u>799,238</u>
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds (Non-Budget)				208,954	208,954
Transfers In	-	-	-	260	260
Fund Balance, Beginning of Year	<u>1,275,246</u>	<u>-</u>	<u>1,275,246</u>	<u>1,275,246</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 635,973</u>	<u>\$ (19,046)</u>	<u>\$ 616,927</u>	<u>\$ 1,625,379</u>	<u>\$ 1,008,452</u>
Recapitulation of Fund Balance					
Restricted:					
Capital Reserve				\$ 179,047	
Excess Surplus- Designated in Subsequent Year's Expenditures				173,504	
Excess Surplus				736,709	
Assigned:					
Year-End Encumbrances				71,156	
Designated for Subsequent Year's Expenditures				120,000	
Unassigned				<u>344,963</u>	
Reconciliation to Governmental Funds Statements (GAAP):				1,625,379	
Less: State Aid Payments not Recognized on Budgetary Basis:					
Deferred State Aid Payment				(21,188)	
Extraordinary Aid				<u>(198,009)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,406,182</u>	

EXHIBIT C-1a

RIVER EDGE BOARD OF EDUCATION
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

NOT APPLICABLE

EXHIBIT C-1b

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND - EDUCATION JOBS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES					
Federal Sources	-	\$ 2,366	\$ 2,366	2,366	\$ -
Education Jobs Fund					
Total Revenues	\$ -	\$ 2,366	\$ 2,366	\$ 2,366	\$ -
EXPENDITURES					
CURRENT EXPENDITURES					
Basic Skills/Remedial	-	\$ 2,366	\$ 2,366	2,366	\$ -
Salaries of Teachers	-	2,366	2,366	2,366	-
Total Expenditures	\$ -	\$ 2,366	\$ 2,366	\$ 2,366	\$ -

**RIVER EDGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 405,000	\$ 130,984	\$ 535,984	\$ 479,513	\$ (56,471)
Federal	340,000	152,301	492,301	385,469	(106,832)
Total Revenues	<u>745,000</u>	<u>283,285</u>	<u>1,028,285</u>	<u>864,982</u>	<u>(163,303)</u>
EXPENDITURES					
Instruction					
Purchased Prof. and Technical Services	340,000	(163,660)	176,340	159,873	16,467
Tuition		47,710	47,710	40,000	7,710
Other Purchased Services	270,000	140,871	410,871	363,173	47,698
General Supplies		173,569	173,569	88,459	85,110
Textbooks	60,000	(9,164)	50,836	50,365	471
Other Objects	-	205	205	-	205
Total Instruction	<u>670,000</u>	<u>189,531</u>	<u>859,531</u>	<u>701,870</u>	<u>157,661</u>
Support Services					
Purchased Prof. and Technical Services		84,478	84,478	78,836	5,642
Other Purchased Services	75,000	9,276	84,276	84,276	-
General Supplies	-	-	-	-	-
Total Support Services	<u>75,000</u>	<u>93,754</u>	<u>168,754</u>	<u>163,112</u>	<u>5,642</u>
Facilities Acquisition and Construction					
Instructional Equipment		-	-	-	-
Non-Instructional Equipment	-	-	-	-	-
Total Facilities Acq. And Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>745,000</u>	<u>283,285</u>	<u>1,028,285</u>	<u>864,982</u>	<u>163,303</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**RIVER EDGE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibit C-1 and C-2)	\$ 15,353,682	\$ 864,982
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. (Current Year)		(41,714)
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. (Prior Year)		82,588
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (current year)	(219,197)	
State Aid payments recognized for GAAP statements, not recognized for budgetary statements (prior year)	<u>151,356</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2).	<u>\$ 15,285,841</u>	<u>\$ 905,856</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 15,212,763	\$ 864,982
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. (Prior Year)		82,588
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized. (Current Year)	<u>-</u>	<u>(41,714)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 15,212,763</u>	<u>\$ 905,856</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

RIVER EDGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	ARRA Basic	IDEA Part B Basic	IDEA Part B Preschool	Nonpublic Nursing	Nonpublic Textbooks	Home Instruction	Total Exhibit E-1A	Total
REVENUES								
Intergovernmental								
State	\$ 14,700	\$ 353,990	\$ 16,779	\$ 60,325	\$ 41,762	\$ 1,663	\$ 375,763	\$ 479,513
Federal								385,469
Total Revenues	\$ 14,700	\$ 353,990	\$ 16,779	\$ 60,325	\$ 41,762	\$ 1,663	\$ 375,763	\$ 864,982
EXPENDITURES								
Instruction								
Purchased Prof./Technical Services		\$ 159,873						\$ 159,873
Tuition		40,000						40,000
Other Purchased Services			8,301				\$ 354,872	363,173
General Supplies	\$ 8,200	80,259						88,459
Textbooks					\$ 41,762		8,603	50,365
Total Instruction	\$ 8,200	\$ 280,132	\$ 8,301		\$ 41,762		\$ 363,475	\$ 701,870
Support Services								
Purchased Prof. and Technical Services	6,500	63,858	8,478			\$ 1,663	12,288	78,836
Other Purchased Services		10,000		60,325				84,276
Total Support Services	\$ 6,500	\$ 73,858	\$ 8,478	\$ 60,325		\$ 1,663	\$ 12,288	\$ 163,112
Total Expenditures	\$ 14,700	\$ 353,990	\$ 16,779	\$ 60,325	\$ 41,762	\$ 1,663	\$ 375,763	\$ 864,982

RIVER EDGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Chapter 192				Chapter 193		Pass Through - River Dell		Sub-Total
	Compensatory Education	ESL	Transportation	Corrective Speech	Exam. & Classification	Supplemental Instruction	Nonpublic Nursing	Nonpublic Textbooks	
REVENUES									
Intergovernmental State	\$ 90,197	\$ 7,414	\$ 8,068	\$ 96,678	\$ 107,407	\$ 45,108	\$ 12,288	\$ 8,603	\$ 375,763
Total Revenues	\$ 90,197	\$ 7,414	\$ 8,068	\$ 96,678	\$ 107,407	\$ 45,108	\$ 12,288	\$ 8,603	\$ 375,763
EXPENDITURES									
Instruction	\$ 90,197	\$ 7,414	\$ 8,068	\$ 96,678	\$ 107,407	\$ 45,108	-	\$ 8,603	\$ 354,872
Other Purchased Services Textbooks	-	-	-	-	-	-	-	-	8,603
Total Instruction	90,197	7,414	8,068	96,678	107,407	45,108	-	8,603	363,475
Support Services	-	-	-	-	-	-	\$ 12,288	-	12,288
Other Purchased Services	-	-	-	-	-	-	12,288	-	12,288
Total Support Services	-	-	-	-	-	-	12,288	-	12,288
Total Expenditures	\$ 90,197	\$ 7,414	\$ 8,068	\$ 96,678	\$ 107,407	\$ 45,108	\$ 12,288	\$ 8,603	\$ 375,763

CAPITAL PROJECTS FUND

RIVER EDGE BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Issue/Project Title</u>	<u>Original Amount Authorized</u>	<u>Cancellations</u>	<u>Grant Award</u>	<u>Transferred</u>	<u>Modified Authorization</u>	<u>Expenditures to Date</u>	<u>Unexpended Balance Transferred</u>	<u>Unexpended Balance, June 30, 2012</u>
						<u>Prior Years</u>		
							<u>Current Year</u>	
Cherry Hill / Roosevelt School Renovations	\$ 5,995,000	\$ (4,467)	\$	\$	\$ 5,990,533	\$ 5,988,666	\$	\$ 1,867
Roosevelt School Alterations and Elevator Addition	2,026,663	(849)	55,000	232,650	2,313,464	2,313,373		91
Cherry Hill Elementary School Additions and Alterations	16,829,275	(89)	90,000	(232,650)	16,686,536	16,513,886	\$ 149,138	\$ 20,137
	\$ 24,850,938	\$ (5,405)	\$ 145,000	\$ -	\$ 24,990,533	\$ 24,815,925	\$ 149,138	\$ 20,137

**RIVER EDGE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

REVENUES	
Community Development Grant	\$ 90,000
Interest	<u>260</u>
Total Revenues	<u>90,260</u>
EXPENDITURES	
Construction Services	132,620
Professional Services	<u>16,518</u>
Total Expenditures	<u>149,138</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>(58,878)</u>
OTHER FINANCING SOURCES (Uses)	
Transfers Out	<u>(5,593)</u>
Total Other Financing Sources (Uses)	<u>(5,593)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(64,471)
Fund Balance, Beginning of Year	<u>84,608</u>
Fund Balance - End of Year (Budgetary)	<u>\$ 20,137</u>
Fund Balance - End of Year (GAAP)	<u>\$ 20,137</u>

RIVER EDGE BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 BUDGETARY BASIS
 CHERRY HILL / ROOSEVELT SCHOOL RENOVATIONS
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources	\$ 1,407,533		\$ 1,407,533	\$ 1,407,533
Bond Proceeds	4,583,000	-	4,583,000	4,583,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	5,990,533	-	5,990,533	5,990,533
EXPENDITURES AND OTHER FINANCING SOURCES				
Unallocated	5,988,666		5,988,666	5,990,533
Transfer Out	-	\$ 1,867	1,867	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and other Financing Sources	5,988,666	1,867	5,990,533	5,990,533
Excess (deficiency) of Revenues over (under) Expenditures	\$ 1,867	\$ (1,867)	\$ -	\$ -

Additional Project Information:

Project Number	SP201146 & SP201147
Grant Date	
Bond Authorization Date	12/1/2001
Bonds Authorized	4,583,160
Bonds Issued	4,583,000
Original Authorized Cost	5,995,000
Additional Authorized Cost	(4,467)
Revised Authorized Cost	5,990,533
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	9/03
Revised Target Completion Date	9/03

**RIVER EDGE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ROOSEVELT ELEMENTARY SCHOOL ALTERATIONS AND ELEVATOR ADDITION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 2,025,814		\$ 2,025,814	\$ 2,025,814
Federal Sources	55,000		55,000	55,000
Transfer In	232,650	-	232,650	232,650
	2,313,464	-	2,313,464	2,313,464
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Services	1,918,606		1,918,606	1,872,650
Professional Services	394,767		394,767	250,614
Transfer Out	-	\$ 91	91	190,200
	2,313,373	91	2,313,464	2,313,464
Excess (deficiency) of Revenues over (under) Expenditures	\$ 91	\$ (91)	\$ -	\$ -

Additional Project Information:

Project Number	# 4410-050-05-1000
Grant Date	(1)
Bond Authorization Date	9/27/2005
Bonds Authorized	2,026,663
Bonds Issued	1,074,814
Original Authorized Cost	2,026,663
Additional Authorized Cost	286,801
Revised Authorized Cost	2,313,464

Percentage Increase over Original Authorized Cost

N/A

Percentage Completion	100%
Original Target Completion Date	9/1/2008
Revised Target Completion Date	9/1/2008

(1) The District elected to receive debt service aid to fund future debt service payments in the amount of \$810,665 of the authorized cost.

**RIVER EDGE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
CHERRY HILL ELEMENTARY SCHOOL ADDITIONS AND ALTERATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Grant Proceeds		\$ 90,000	\$ 90,000	\$ 90,000
Bond Proceeds	\$ 16,829,186	-	16,829,186	16,596,536
 Total Revenues	 16,829,186	 90,000	 16,919,186	 16,686,536
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Services	14,258,193	132,620	14,390,813	13,365,000
Professional Services	2,255,693	16,518	2,272,211	2,226,686
Transfer Out/Contingency	232,650	3,375	236,025	1,094,850
 Total Expenditures and other Financing Sources	 16,746,536	 152,513	 16,899,049	 16,686,536
 Excess (deficiency) of Revenues over (under) Expenditures	 \$ 82,650	 \$ (62,513)	 \$ 20,137	 \$ -

Additional Project Information:

Project Number	# 4410-030-05-2000
Grant Date	(1)
Bond Authorization Date	9/27/2005
Bonds Authorized	16,829,275
Bonds Issued	8,925,186
Original Authorized Cost	16,829,275
Additional Authorized Cost	(142,739)
Revised Authorized Cost	16,686,536
 Percentage Increase over Original Authorized Cost	 N/A
Percentage Completion	100%
Original Target Completion Date	9/1/2008
Revised Target Completion Date	9/1/2008

(1) The District elected to receive debt service aid to fund future debt service payments in the amount of \$3,518,072 of the authorized cost.

ENTERPRISE FUND

**RIVER EDGE BOARD OF EDUCATION
ENTERPRISE FUNDS - NON-MAJOR
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

	Food Service Fund	Summer Enrichment Program Fund	Non-Major Enterprise Fund Total
ASSETS			
Current Assets			
Cash and Cash Equivalents		\$ 59,283	\$ 59,283
Due to Other Funds	\$ 1,246	-	1,246
Total Current Assets	<u>1,246</u>	<u>59,283</u>	<u>60,529</u>
Capital Assets			
Machinery and Equipment	\$ 2,589		2,589
Less: Accumulated Depreciation	<u>(2,589)</u>	-	<u>(2,589)</u>
Total Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>1,246</u>	<u>59,283</u>	<u>60,529</u>
LIABILITIES			
Unearned Revenue		50,950	50,950
Due to Other Funds	-	31	31
Total Liabilities	<u>-</u>	<u>50,981</u>	<u>50,981</u>
NET ASSETS			
Unrestricted	<u>1,246</u>	<u>8,302</u>	<u>9,548</u>
Total Net Assets	<u>\$ 1,246</u>	<u>\$ 8,302</u>	<u>\$ 9,548</u>

**RIVER EDGE BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Food Service Fund	Summer Enrichment Program Fund	Non-Major Enterprise Fund Total
OPERATING REVENUES			
Local Sources			
Daily Sales / Program Fees	\$ 16,519	\$ 56,841	\$ 73,360
Total Operating Revenues	<u>16,519</u>	<u>56,841</u>	<u>73,360</u>
OPERATING EXPENSES			
Salaries and Wages		56,416	56,416
Cost of Sales	<u>15,273</u>	<u>-</u>	<u>15,273</u>
Total Operating Expenses	<u>15,273</u>	<u>56,416</u>	<u>71,689</u>
Operating Income/Change in Net Assets	<u>1,246</u>	<u>425</u>	<u>1,671</u>
Total Net Assets, Beginning of Year	<u>-</u>	<u>7,877</u>	<u>7,877</u>
Total Net Assets, End of Year	<u>\$ 1,246</u>	<u>\$ 8,302</u>	<u>\$ 9,548</u>

**RIVER EDGE BOARD OF EDUCATION
ENTERPRISE FUND - NON-MAJOR
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Food Service Enrichment</u>	<u>Summer Enrichment Program Fund</u>	<u>Non-Major Enterprise Fund Total</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 16,519	\$ 51,911	\$ 68,430
Cash Payments for Employees Salaries and Benefits		(56,416)	(56,416)
Cash Payments to Suppliers for Goods and Services	<u>(15,273)</u>	<u>-</u>	<u>(15,273)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,246</u>	<u>(4,505)</u>	<u>(3,259)</u>
Cash Flows from Noncapital Financing Activities			
Cash Paid to/(from) Other Funds	<u>(1,246)</u>	<u>13</u>	<u>(1,233)</u>
Net Cash Provided (Used) by NonCapital Financing Activities	<u>(1,246)</u>	<u>13</u>	<u>(1,233)</u>
Net Decrease in Cash and Cash Equivalents	-	(4,492)	(4,492)
Cash and Cash Equivalents, Beginning of Year	<u>-</u>	<u>63,775</u>	<u>63,775</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ 59,283</u>	<u>\$ 59,283</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income	<u>\$ 1,246</u>	<u>\$ 425</u>	<u>\$ 1,671</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Change in Liabilities Decrease in Unearned Revenue	<u>-</u>	<u>(4,930)</u>	<u>(4,930)</u>
Total Adjustments	<u>-</u>	<u>(4,930)</u>	<u>(4,930)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,246</u>	<u>\$ (4,505)</u>	<u>\$ (3,259)</u>

FIDUCIARY FUNDS

**RIVER EDGE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 7,953	\$ 93,319	\$ 101,272
Due from Other Fund	<u>-</u>	<u>1,496</u>	<u>1,496</u>
Total Assets	<u>\$ 7,953</u>	<u>\$ 94,815</u>	<u>\$ 102,768</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 89,493	\$ 89,493
Accrued Salaries and Wages		5,322	5,322
Due to Student Groups	<u>\$ 7,953</u>	<u>-</u>	<u>7,953</u>
Total Liabilities	<u>\$ 7,953</u>	<u>\$ 94,815</u>	<u>\$ 102,768</u>

**RIVER EDGE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Balance, July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2012</u>
Elementary Schools				
Cherry Hill	\$ 5,691	\$ 2,006	\$ 62	\$ 7,635
Roosevelt	286	3,581	3,549	318
	<u>5,977</u>	<u>5,587</u>	<u>3,611</u>	<u>7,953</u>
Total All Schools	\$ 5,977	\$ 5,587	\$ 3,611	\$ 7,953

**RIVER EDGE BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Balance, July 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2012</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 52,907	\$ 4,551,060	\$ 4,514,474	\$ 89,493
Accrued Salaries and Wages	15,866	6,822,271	6,832,815	5,322
Due (from)/to Other Funds	<u>(1,496)</u>	<u>-</u>	<u>-</u>	<u>(1,496)</u>
 Total	 <u>\$ 67,277</u>	 <u>\$ 11,373,331</u>	 <u>\$ 11,347,289</u>	 <u>\$ 93,319</u>

LONG-TERM DEBT

RIVER EDGE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2011</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2012</u>
School Issue	12/1/2001	\$ 4,583,000				\$ 230,000		\$ 230,000	
School Issue	12/1/2005	10,000,000	2/1/2013	\$ 240,000	4.125%				
			2/1/2014	255,000	4.125%				
			2/1/2015	270,000	4.125%				
			2/1/2016	285,000	4.125%				
			2/1/2017	300,000	4.125%				
			2/1/2018	330,000	4.125%				
			2/1/2019	360,000	4.125%				
			2/1/2020	390,000	4.125%				
			2/1/2021	420,000	4.250%				
			2/1/2022	450,000	4.250%				
			2/1/2023-2025	600,000	4.250%	9,080,000			
			2/1/2026-2031	625,000	4.250%			230,000	8,850,000

RIVER EDGE BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Purpose	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2011	Issued	Matured	Balance June 30, 2012
School Issue	10/15/2006	\$ 8,855,000	10/15/2012	\$ 170,000	4.125%				
			10/15/2013	175,000	4.125%				
			10/15/2014	180,000	4.125%				
			10/15/2015	185,000	4.125%				
			10/15/2016	190,000	4.125%				
			10/15/2017	195,000	4.125%				
			10/15/2018	200,000	4.125%				
			10/15/2019	210,000	4.125%				
			10/15/2020	220,000	4.125%				
			10/15/2021	230,000	4.125%				
			10/15/2022	400,000	4.125%				
			10/15/2023	445,000	4.125%				
			10/15/2024	490,000	4.125%				
			10/15/2025	515,000	4.125%				
			10/15/2026	565,000	4.125%				
			10/15/2027	620,000	4.150%				
			10/15/2028	675,000	4.150%				
		10/15/2029	730,000	4.200%					
		10/15/2030	790,000	4.200%					
		10/15/2031	925,000	4.200%					
						\$ 8,270,000		\$ 160,000	\$ 8,110,000
Refunding School Issue	3/17/2011	2,820,000	12/1/2012-2013	275,000	2.000%				
			12/1/2014	280,000	3.000%				
			12/1/2015	290,000	2.500%				
			12/1/2016	295,000	2.500%				
			12/1/2017-2018	285,000	2.500-4.000%				
			12/1/2019-2020	280,000	4.000%				
		12/1/2021	275,000	4.000%					
						2,820,000			2,820,000
						\$ 20,400,000	\$ -	\$ 620,000	\$ 19,780,000

RIVER EDGE BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Issue</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2012</u>
Purchase of Technology Equipment	4.04%	\$ 102,258		\$ 102,258	\$ 45,454	\$ 56,804
Upgrades to Technology Infrastructure	3.20%	106,696	-	106,696	36,716	69,980
			\$ -	\$ 208,954	\$ 82,170	\$ 126,784

**RIVER EDGE BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

REVENUES	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Local Sources					
Local Tax Levy	\$ 1,255,573		\$ 1,255,573	\$ 1,255,573	
Debt Service Aid	217,099	-	217,099	217,099	-
Total Revenues	<u>1,472,672</u>	-	<u>1,472,672</u>	<u>1,472,672</u>	-
EXPENDITURES					
Regular Debt Service					
Principal	620,000		620,000	620,000	
Interest	852,672	-	852,672	813,839	\$ 38,833
Total Expenditures	<u>1,472,672</u>	-	<u>1,472,672</u>	<u>1,433,839</u>	<u>38,833</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	38,833	38,833
OTHER FINANCING SOURCES (USES)					
Transfer In	-	-	-	5,333	(5,333)
Fund Balance, Beginning of Year	44,726	-	44,726	44,726	(5,333)
Fund Balance, End of Year	<u>\$ 44,726</u>	<u>\$ -</u>	<u>\$ 44,726</u>	<u>\$ 88,892</u>	<u>\$ 44,166</u>
<u>Analysis of Balance</u>					
Designated for Subsequent Year's Expenditures Restricted			\$ 44,726		
			<u>44,166</u>		
			<u>\$ 88,892</u>		

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

RIVER EDGE BOARD OF EDUCATION
 NET ASSETS BY COMPONENT
 LAST NINE FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ 2,457,102	\$ 2,619,154	\$ 2,598,027	\$ 2,656,483	\$ 2,615,048	\$ 2,492,185	\$ 2,494,727	\$ 2,435,374	\$ 2,447,562
Restricted	5,508	1	1	591,512	671,513	100,403	146,290	192,189	267,939
Unrestricted	479,681	523,567	708,498	804,770	878,697	736,691	840,139	737,452	867,590
Total Governmental Activities Net Assets	\$ 2,942,291	\$ 3,142,722	\$ 3,306,526	\$ 4,052,765	\$ 4,165,258	\$ 3,329,279	\$ 3,481,156	\$ 3,365,015	\$ 3,583,091
Business-Type Activities									
Invested in Capital Assets	\$ 3,441	\$ 12,110	\$ 2,589	\$ 2,071	\$ 1,553	\$ 1,035	\$ 517	\$ 7,877	\$ 9,548
Unrestricted			2,477	2,201	5,762	5,219	6,731		
Total Business-Type Activities Net Assets	\$ 3,441	\$ 12,110	\$ 5,066	\$ 4,272	\$ 7,315	\$ 6,254	\$ 7,248	\$ 7,877	\$ 9,548
District-Wide									
Invested in Capital Assets, Net of Related Debt	\$ 2,457,102	\$ 2,619,154	\$ 2,600,616	\$ 2,658,554	\$ 2,616,601	\$ 2,493,220	\$ 2,495,244	\$ 2,435,374	\$ 2,447,562
Restricted	5,508	1	1	591,512	671,513	100,403	146,290	192,189	267,939
Unrestricted	483,122	525,677	710,975	806,971	884,459	741,910	846,870	745,329	877,138
Total District Net Assets	\$ 2,945,732	\$ 3,154,832	\$ 3,311,592	\$ 4,057,037	\$ 4,172,573	\$ 3,335,533	\$ 3,488,404	\$ 3,372,892	\$ 3,592,639

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

**RIVER EDGE BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental Activities									
Instruction									
Regular	\$ 4,825,004	\$ 5,511,651	\$ 5,539,228	\$ 6,000,327	\$ 6,500,556	\$ 6,558,610	\$ 6,602,547	\$ 6,849,342	\$ 6,881,874
Special Education	1,698,937	1,402,166	1,599,076	1,669,314	1,917,447	2,032,761	2,108,586	2,600,471	2,840,848
Other Instruction	370,423	493,899	757,419	827,985	800,671	651,899	973,052	888,181	978,354
Support Services:									
Student and Instruction Related Services	1,118,381	1,445,928	1,610,887	1,910,217	2,706,622	2,292,069	2,367,205	2,367,895	2,206,225
General Administration Services	637,621	559,746	544,127	569,316	586,005	582,616	612,461	507,008	565,502
School Administration Services	438,578	461,768	506,397	571,358	710,438	729,642	791,451	745,602	852,329
Business/ Central Services	147,788	183,041	271,105	278,697	365,132	324,566	343,502	361,676	365,252
Plant Operations And Maintenance	1,106,737	1,043,481	1,106,309	1,202,782	1,904,241	1,906,011	1,949,954	1,982,410	1,967,932
Pupil Transportation	186,420	264,578	198,038	278,185	194,417	150,910	100,786	93,119	46,463
Interest On Long-Term Debt	228,555	194,709	434,753	860,077	948,234	927,367	902,494	833,366	831,774
Total Governmental Activities Expenses	10,758,444	11,560,967	12,567,339	14,168,258	16,633,763	16,156,451	16,752,038	17,229,070	17,536,553
Business-Type Activities:									
Food Service	10,048	9,879	16,113	16,151	17,944	17,293	15,312	16,445	15,273
Summer Enrichment Program	-	39,477	39,756	44,630	52,180	58,503	63,503	57,701	56,416
Total Business-Type Activities Expense	10,048	49,356	55,869	60,781	70,124	75,796	78,815	74,146	71,689
Total District Expenses	\$ 10,768,492	\$ 11,610,323	\$ 12,623,208	\$ 14,229,039	\$ 16,703,887	\$ 16,232,247	\$ 16,830,853	\$ 17,303,216	\$ 17,608,242
Program Revenues									
Governmental Activities:									
Charges For Services:									
Special Education	\$ 35,419	\$ 7,750	\$ 9,980	\$ 8,000	\$ 270,450	\$ 192,403	\$ 500,413	\$ 466,579	\$ 484,142
Operating Grants And Contributions	1,581,371	1,832,290	2,046,518	2,547,665	3,085,629	2,375,836	2,488,154	2,200,419	2,584,964
Capital Grants And Contributions	-	52,787	-	-	-	-	55,000	-	90,000
Total Governmental Activities Program Revenues	1,616,790	1,892,827	2,056,498	2,555,665	3,356,079	2,568,239	3,043,567	2,666,998	3,159,106
Business-Type Activities:									
Charges For Services									
Food Service	\$ 4,790	\$ 4,971	\$ 5,378	\$ 13,052	\$ 17,207	\$ 16,775	\$ 16,079	\$ 16,445	\$ 16,519
Summer Enrichment Program	-	45,162	35,550	46,935	55,960	57,960	63,730	58,330	56,841
Operating Grants And Contributions	6,521	7,892	7,897	-	-	-	-	-	-
Total Business Type Activities Program Revenues	11,311	58,025	48,825	59,987	73,167	74,735	79,809	74,775	73,360
Total District Program Revenues	\$ 1,628,101	\$ 1,950,852	\$ 2,105,323	\$ 2,615,652	\$ 3,429,246	\$ 2,642,974	\$ 3,123,376	\$ 2,741,773	\$ 3,232,466
Net (Expense)/Revenue									
Governmental Activities	\$ (9,141,654)	\$ (9,668,140)	\$ (10,510,841)	\$ (11,612,593)	\$ (13,277,684)	\$ (13,588,212)	\$ (13,708,471)	\$ (14,562,072)	\$ (14,377,447)
Business-Type Activities	1,263	8,669	(7,044)	(794)	3,043	(1,061)	994	629	1,671
Total District-Wide Net Expense	\$ (9,140,391)	\$ (9,659,471)	\$ (10,517,885)	\$ (11,613,387)	\$ (13,274,641)	\$ (13,589,273)	\$ (13,707,477)	\$ (14,561,443)	\$ (14,375,776)
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Property Taxes Levied For General Purposes	\$ 8,725,358	\$ 9,215,393	\$ 9,763,889	\$ 10,462,823	\$ 11,334,010	\$ 11,776,036	\$ 12,237,477	\$ 12,867,707	\$ 12,983,676
Property Taxes Levied For Debt Service	376,492	358,651	361,179	996,710	1,038,020	625,109	1,217,792	1,256,360	1,255,573
Federal and State Aid - Unrestricted	107,386	165,874	168,043	209,270	658,878	260,213	311,216	219,274	217,099
Investment Earnings	20,138	62,940	300,709	690,463	277,342	47,849	28,352	25,860	10,334
Miscellaneous Income	55,933	33,860	80,825	51,419	81,927	43,026	65,511	76,730	128,841
Donated Capital Assets	-	31,853	-	-	-	-	-	-	-
Accrued Interest on Sale of Bonds	-	-	-	10,781	-	-	-	-	-
Loss on Disposition of Capital Assets	-	-	-	(62,634)	-	-	-	-	-
Total Governmental Activities	9,285,307	9,868,571	10,674,645	12,358,832	13,390,177	12,752,233	13,860,348	14,445,931	14,595,523
Total Business-Type Activities	-	-	-	-	-	-	-	-	-
Total District-Wide	\$ 9,285,307	\$ 9,868,571	\$ 10,674,645	\$ 12,358,832	\$ 13,390,177	\$ 12,752,233	\$ 13,860,348	\$ 14,445,931	\$ 14,595,523
Change in Net Assets									
Governmental Activities	\$ 143,653	\$ 200,431	\$ 163,804	\$ 746,239	\$ 112,493	\$ (835,979)	\$ 151,877	\$ (116,141)	\$ 218,076
Business-Type Activities	1,263	8,669	(7,044)	(794)	3,043	(1,061)	994	629	1,671
Total District	\$ 144,916	\$ 209,100	\$ 156,760	\$ 745,445	\$ 115,536	\$ (837,040)	\$ 152,871	\$ (115,512)	\$ 219,747

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

RIVER EDGE BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS

(Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Restricted								\$ 700,240	\$ 1,089,260
Assigned								279,046	191,156
Unassigned	\$ 188,078	\$ 273,490	\$ 588,401	\$ 792,023	\$ 723,711	\$ 844,903	\$ 875,666	1,441,604	125,766
Reserved	308,111	265,930	190,352	277,108	493,215	245,990	358,893	-	-
Unreserved									
Total General Fund	\$ 496,189	\$ 539,420	\$ 778,753	\$ 1,069,131	\$ 1,216,926	\$ 1,090,893	\$ 1,234,559	\$ 1,123,890	\$ 1,406,182
All Other Governmental Funds									
Restricted								\$ 129,334	\$ 88,892
Assigned		\$ 20,950	\$ 13,929,047	\$ 4,108,289	\$ 175,200				20,137
Reserved	\$ 65,469	50,671	(5,080,671)	1,724,774	926,184	\$ 321,858	\$ 84,610		
Unreserved									
Total All Other Governmental Funds	\$ 65,469	\$ 71,621	\$ 8,848,376	\$ 5,833,063	\$ 1,101,384	\$ 321,858	\$ 84,610	\$ 129,334	\$ 109,029

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

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

RIVER EDGE BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues									
Tax Levy	\$ 9,101,850	\$ 9,574,044	\$ 10,125,068	\$ 11,459,533	\$ 12,372,030	\$ 12,401,145	\$ 13,455,269	\$ 14,124,067	\$ 14,239,249
Tuition Charges	35,419	7,750	9,980	8,000	270,450	192,403	500,413	466,579	484,142
Interest Earnings	20,138	62,940	300,709	690,463	277,342	47,849	28,352	25,860	10,334
Miscellaneous	55,933	33,860	80,825	51,419	81,927	43,026	69,818	76,730	128,841
Other Local Sources	131								
State Sources	1,502,349	1,787,825	1,912,223	2,363,696	3,361,148	2,296,077	2,379,371	1,886,552	2,371,786
Federal Sources	186,277	263,126	302,338	393,239	383,359	339,972	474,999	533,141	520,277
Total Revenues	10,902,097	11,729,545	12,731,143	14,966,350	16,746,256	15,320,472	16,908,222	17,112,929	17,754,629
Expenditures									
Instruction									
Regular Instruction	4,812,660	5,510,321	5,538,588	5,999,877	6,500,106	6,558,160	6,602,097	6,849,342	6,964,044
Special Education Instruction	1,698,937	1,402,166	1,599,076	1,669,314	1,917,447	2,032,761	2,108,586	2,600,471	2,840,848
Other Instruction	367,690	487,524	748,316	827,985	800,671	651,899	973,052	888,181	978,354
Support Services:									
Student and Inst. Related Services	1,115,954	1,444,060	1,608,848	1,908,837	2,702,665	2,288,112	2,364,628	2,365,318	2,203,648
General Administration Services	637,061	559,746	544,127	569,316	586,005	582,616	612,461	507,008	565,502
School Administration Services	437,378	460,568	506,397	571,358	710,438	729,642	791,451	745,602	852,329
Business/ Central Services	147,508	182,721	271,105	278,697	365,132	324,566	343,502	361,676	365,252
Plant Operations And Maintenance	918,482	852,487	910,540	1,003,834	1,325,576	1,247,459	1,284,563	1,316,657	1,302,179
Pupil Transportation	186,420	264,578	198,038	278,185	194,417	150,910	100,786	93,119	46,463
Capital Outlay	196,444	150,582	1,342,551	12,252,953	4,758,221	188,016	343,112	22,672	149,138
Debt Service:									
Principal	213,189	184,059	188,081	293,128	520,000	545,000	570,000	595,000	620,000
Interest and Other Charges	229,172	195,364	259,388	903,582	949,462	926,890	903,259	833,828	813,839
Cost of Issuance of Refunding Bonds								69,079	
Payments to Refunding Escrow Agent	-	-	-	-	-	-	-	121,256	-
Total Expenditures	10,960,895	11,694,176	13,715,055	26,557,066	21,330,140	16,226,031	16,997,497	17,369,209	17,701,596
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,798)	35,369	(983,912)	(11,590,716)	(4,583,884)	(905,559)	(89,275)	(256,280)	53,033
Other Financing Sources (Uses)									
Capital Leases (Non-Budgeted)		14,014							208,954
Cancellation of Grant Receivable							(4,307)		
Accrued Interest on Sale of Bonds				10,781					
Bond Proceeds			10,000,000	8,855,000					
Payments to Refunding Escrow Agent								(2,698,000)	
Refunding Bond Proceeds								2,820,000	
Premium on Issuance of Refunding Bond								68,335	
Transfers In	6,297	90,840	190,331	541,284	146,085	5,182	880	472	5,593
Transfers Out	(6,297)	(90,840)	(190,331)	(541,284)	(146,085)	(5,182)	(880)	(472)	(5,593)
Total Other Financing Sources (Uses)	-	14,014	10,000,000	8,865,781	-	-	(4,307)	190,335	208,954
Net Change in Fund Balances	\$ (58,798)	\$ 49,383	\$ 9,016,088	\$ (2,724,935)	\$ (4,583,884)	\$ (905,559)	\$ (93,582)	\$ (65,945)	\$ 261,987
Debt Service as a Percentage of Noncapital Expenditures	4.11%	3.29%	3.62%	8.37%	8.87%	9.18%	8.85%	9.33%	8.17%

* Noncapital expenditures are total expenditures less capital outlay.

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

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Misc.</u>	<u>Total</u>
2003	\$ 256,976	\$ 19,861	\$ 56,291	\$ 333,128
2004	35,419	13,841	56,064	105,324
2005	7,750	62,940	33,860	104,550
2006	9,980	110,378	80,825	201,183
2007	8,000	159,960	51,419	219,379
2008	270,450	152,916	81,927	505,293
2009	192,403	42,667	43,026	278,096
2010	500,413	27,472	69,818	597,703
2011	466,579	25,388	76,730	568,697
2012	484,142	10,074	128,841	623,057

Source: School Districts' Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2003	\$ 1,548,000	\$ 704,166,600	N/A	N/A	\$ 69,959,450	\$ 10,249,000	\$ 38,063,800	\$ 823,986,850	\$ 5,383,121	\$ 829,369,971	\$ 1,125,965,388	\$ 1.10
2004	1,466,700	706,664,000	N/A	N/A	69,940,350	10,249,000	38,388,000	826,708,050	4,766,439	831,474,489	1,269,872,257	1.15
(1) 2005	6,710,100	1,399,533,700	N/A	N/A	121,381,000	12,836,500	71,056,500	1,611,517,800	7,498,646	1,619,016,446	1,436,674,608	0.63
2006	6,698,100	1,398,508,700	N/A	N/A	121,315,700	12,836,500	71,056,500	1,610,415,500	7,045,356	1,617,460,856	1,622,061,554	0.71
2007	7,055,300	1,402,078,700	N/A	N/A	120,723,800	12,088,000	70,886,900	1,612,832,700	7,062,847	1,619,895,547	1,798,693,560	0.77
2008	6,331,700	1,414,404,500	N/A	N/A	113,153,700	12,088,000	70,523,500	1,616,501,400	6,740,506	1,623,241,906	1,896,887,695	0.76
2009	11,167,500	1,421,404,500	N/A	N/A	105,142,400	11,978,000	70,523,500	1,620,215,900	6,952,327	1,627,168,227	1,920,855,215	0.83
2010	11,257,500	1,423,100,600	N/A	N/A	111,031,000	11,776,500	70,523,500	1,627,683,100	7,502,187	1,635,185,287	1,842,825,877	0.86
2011	11,268,700	1,424,866,900	N/A	N/A	109,821,000	11,628,300	70,523,500	1,628,102,400	6,992,114	1,635,094,514	1,845,519,614	0.87
(2) 2012	7,651,800	1,230,634,900	N/A	N/A	101,710,100	11,109,500	79,154,600	1,430,260,900	7,391,212	1,437,652,112	1,512,162,697	1.006

Source: County Abstract of Rentals

(1) - the Borough underwent a revaluation of real property which became effective January 1, 2005.

a Tax rates are per \$100

(2) The Borough underwent a reassessment of real property which became effective January 1, 2012.

**RIVER EDGE BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>Overlapping Rates</u>			<u>Total</u>
		<u>Regional High School District</u>	<u>Municipality</u>	<u>County</u>	
2003	\$ 1.10	\$ 1.02	\$ 0.95	\$ 0.29	\$ 3.36
2004	1.15	1.18	0.96	0.31	3.60
2005	(1) 0.63	0.61	0.51	0.18	1.93
2006	0.71	0.67	0.52	0.19	2.09
2007	0.77	0.73	0.52	0.20	2.22
2008	0.76	0.79	0.55	0.22	2.32
2009	0.83	0.82	0.57	0.23	2.44
2010	0.86	0.83	0.64	0.23	2.56
2011	0.87	0.87	0.70	0.23	2.67
2012	(2) 1.006	0.998	0.816	0.245	3.065

(1) - The Borough underwent a revaluation of real property which became effective January 1, 2005.

(2) - The Borough underwent a reassessment of real property which became effective January 1, 2012.

Source: Tax Collector

**RIVER EDGE BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
River Terrace Gardens	\$ 22,816,700	1.59%	\$10,951,668	1.33%
River Edge Associates	19,446,100	1.35%	9,391,898	1.14%
East Coast Storage	9,844,800	0.68%	9,140,918	1.11%
Gainesborough COOP Corp.	9,590,000	0.67%	6,333,546	0.77%
First Real Est. Investment Tr of NJ	8,475,900	0.59%	4,220,933	0.51%
Grand Four Associates	7,755,900	0.54%		
Verizon - New Jersey	7,391,212	0.51%	5,778,686	0.70%
Route 4 - Maint Street, LLC		0.00%	5,407,131	0.66%
Grand Four Associates			4,974,518	0.60%
Milpau Family, LLC.	5,323,100	0.37%		
Route 4 - Maint Street, LLC	4,632,000	0.32%		
River Terrace Gardens	4,596,200	0.32%		
Riverside Medical Arts Center			2,952,077	0.36%
Tamburelli Properties Assn.			2,947,997	0.36%
	<u>\$ 99,871,912</u>	<u>6.95%</u>	<u>\$ 62,099,372</u>	<u>7.54%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 7,720,200	\$ 7,720,200	100.00%	
2004	9,101,850	9,101,850	100.00%	
2005	9,574,044	9,574,044	100.00%	
2006	10,125,068	10,125,068	100.00%	
2007	11,459,533	11,459,533	100.00%	
2008	12,372,030	12,372,030	100.00%	
2009	12,401,145	12,401,145	100.00%	
2010	13,455,269	13,455,269	100.00%	
2011	14,124,067	14,124,067	100.00%	
2012	14,239,249	14,239,249	100.00%	

**RIVER EDGE BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2005	\$ 4,113,000	\$ 21,209	\$ 4,134,209	10,731	\$ 385
2006	13,938,000	8,128	13,946,128	10,633	1,312
2007	22,508,000		22,508,000	10,609	2,122
2008	21,988,000		21,988,000	10,627	2,069
2009	21,443,000		21,443,000	10,691	2,006
2010	20,873,000		20,873,000	11,353	1,839
2011	20,400,000		20,400,000	11,414	1,787
2012	19,780,000	126,784	19,906,784	11,414 (1)	1,744

(1) - estimated

Source: District records

Note:

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

RIVER EDGE BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST EIGHT FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Debt	Deductions			
2005	\$ 4,113,000		\$ 4,113,000	0.25%	\$ 383
2006	13,938,000		13,938,000	0.86%	1,311
2007	22,508,000		22,508,000	1.39%	2,122
2008	21,988,000		21,988,000	1.35%	2,069
2009	21,443,000		21,443,000	1.32%	2,006
2010	20,873,000		20,873,000	1.28%	1,839
2011	20,400,000		20,400,000	1.25%	1,787
2012	19,780,000		19,780,000	1.38%	1,733

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

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

RIVER EDGE BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2011
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of River Edge	\$ 10,887,644		\$ 10,887,644
Regional School District	8,002,086	\$ 8,002,086	
Local School District	<u>20,010,000</u>	<u>20,010,000</u>	<u>-</u>
	<u>\$ 38,899,730</u>	<u>\$ 28,012,086</u>	10,887,644
 Overlapping Debt Apportioned to the Municipality:			
Bergen County			
County of Bergen (3); (A)			7,439,371
Bergen County Utilities Authority - Water Pollution Control (2); (B)			<u>4,028,884</u>
Total Direct and Overlapping Debt			<u>\$ 22,355,899</u>

(A) The debt for this entity was apportioned to the Borough of River Edge by dividing the Municipality's 2011 equalized value by the total 2011 equalized value for Bergen County.

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

Sources:

- (1) Borough of River Edge 2011 Annual Debt Statement.
- (2) BCUA 2011 audit.
- (3) Bergen County 2011 Annual Debt Statement

**RIVER EDGE BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST EIGHT FISCAL YEARS
AS OF JUNE 30,
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis	\$ 1,775,078,936
2011	1,834,422,518
2010	1,822,925,180
2009	<u>\$ 5,432,426,634</u>
Average equalized valuation of taxable property	\$ 1,810,808,878
Debt limit (2.5% of average equalization value)	45,270,222
Total Net Debt Applicable to Limit	<u>19,780,000</u>
Legal debt margin	<u>\$ 25,490,222</u>

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 31,599,097	\$ 35,745,168	\$ 40,139,968	\$ 43,992,029	\$ 46,433,937	\$ 46,750,086	\$ 46,355,838	\$ 45,270,222
Total net debt applicable to limit	<u>4,113,160</u>	<u>22,794,098</u>	<u>22,509,098</u>	<u>21,988,000</u>	<u>21,443,000</u>	<u>20,873,000</u>	<u>20,400,000</u>	<u>19,780,000</u>
Legal debt margin	<u>\$ 27,485,937</u>	<u>\$ 12,951,070</u>	<u>\$ 17,630,870</u>	<u>\$ 22,004,029</u>	<u>\$ 24,990,937</u>	<u>\$ 25,877,086</u>	<u>\$ 25,955,838</u>	<u>\$ 25,490,222</u>
Total net debt applicable to the limit as a percentage of debt limit	13.02%	63.77%	56.08%	49.98%	46.18%	44.65%	44.01%	43.69%

Source: Annual Debt Statements

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>School District Population</u>
2002	3.3	\$ 51,913	10,893
2003	3.3	51,132	10,844
2004	2.7	54,462	10,814
2005	2.8	56,706	10,731
2006	3.0	62,714	10,633
2007	2.6	67,394	10,609
2008	3.4	68,227	10,627
2009	6.2	63,198	10691
2010	6.4	65,486	11,353
2011	6.3	N/A	11,414

N/A - Not Available

Source: United States Bureau of Census
School District Records

(1) Represents the County of Bergen's Per Capita Income
(2) Estimated

RIVER EDGE BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

<u>Employer</u>	<u>2012</u>		<u>2003</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

RIVER EDGE BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS
(Unaudited)

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012
Instruction								
Regular	67.0	69.0	72.0	77.0	80.0	77.0	71.0	71.0
Special education							6.0	6.0
Other instruction	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Co-curricular activities								
Support Services:								
Student and instruction related services	8.0	8.0	8.0	11.0	11.0	11.0	11.0	10.0
General administration Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
School administration Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Central services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant operations and maintenance	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0
Pupil transportation							1.0	1.0
Total	94.0	96.0	99.0	108.0	111.0	108.0	109.0	108.0

Source: District Personnel Records

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

RIVER EDGE BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Average Daily Enrollment (ADE)			
2003	1,005	\$ 9,594,534	\$ 9,547	7.36%	83.35	01:12.66	1,005	973	5.68%	96.82%
2004	1,050	10,366,701	9,875	3.42%	85.00	01:12.44	1,050	1,013	4.48%	96.48%
2005	1,080	11,164,171	10,337	4.70%	88.00	01:12.44	1,080	1,039	2.86%	96.20%
2006	1,111	11,951,847	10,758	4.07%	88.00	01:16.3	1,107	1,070	2.50%	96.66%
2007	1,128	13,107,403	11,620	8.01%	91.00	01:15.4	1,130	1,092	2.08%	96.60%
2008	1,154	15,102,457	13,087	11.21%	105.00	01:13.8	1,140	1,099	1.01%	96.40%
2009	1,158	14,566,125	12,579	-3.88%	105.00	01:13.8	1,158	1,115	1.55%	96.30%
2010	1,206	15,181,126	12,588	0.07%	105.00	01:13.8	1,198	1,154	3.34%	96.30%
2011	1,197	15,727,374	13,139	4.58%	105.00	01:13.8	1,197	1,153	-0.08%	96.40%
2012	1,179	16,118,619	13,671	4.05%	105.00	01:13.8	1,169	1,132	-2.40%	96.40%

Sources: District records

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

**RIVER EDGE BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST SEVEN FISCAL YEARS
(Unaudited)**

	2006	2007	2008	2009	2010	2011	2012
<u>District Building</u>							
<u>Cherry Hill Elementary School</u>							
Square Feet	61,500	61,500	101,900	101,900	101,900	101,900	101,900
Capacity (students)	491	491	850	850	850	850	850
Enrollment	577	588	696	703	736	720	727
<u>Roosevelt Elementary School</u>							
Square Feet	62,400	62,400	63,520	63,520	63,520	63,520	63,520
Capacity (students)	488	488	596	596	596	596	596
Enrollment	534	549	458	455	470	477	452

Number of Schools at June 30, 2012
Elementary = 2

Source: District Records

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

RIVEREDGE BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>School Facilities</u>										
Cherry Hill School	\$ 97,644	\$ 151,255	\$ 118,729	\$ 122,590	\$ 82,031	\$ 112,969	\$ 91,094	\$ 116,953	\$ 104,287	\$ 142,159
Roosevelt School	99,219	130,385	117,328	107,575	86,192	81,555	64,460	87,309	120,787	135,294
Total School Facilities	<u>196,863</u>	<u>281,640</u>	<u>236,057</u>	<u>230,165</u>	<u>168,223</u>	<u>194,324</u>	<u>155,554</u>	<u>204,262</u>	<u>225,074</u>	<u>277,453</u>
Grand Total	\$ 196,863	\$ 281,640	\$ 236,057	\$ 230,165	\$ 168,223	\$ 194,324	\$ 155,554	\$ 204,262	\$ 225,074	\$ 277,453

Source: District Records

* School Facilities as defined under EFCFA, (N.J.A.C. 6:26-1.2 and N.J.A.C. 6:24.1.3)

**RIVER EDGE BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2012
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Selective Way Insurance Company		
Property - Blanket Building & Contents	\$ 53,207,271	\$ 5,000
Flood and Earthquake (per occurrence and annual aggregate)	5,000,000	50,000
Automobile Liability	1,000,000	1,000
General Liability	2,000,000	
Crime Coverage - Selective Insurance Company of America		
Blanket Employee Dishonesty - per employee	100,000	5,000
Commercial Umbrella Policy - Selective Way Insurance Co.	9,000,000	10,000
Commercial Umbrella Excess - Fireman's Fund Insurance Company	50,000,000	
Surety Bonds		
Treasurer of School Monies	200,000	
Board Secretary/Business Administrator	85,000	

Source: School District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the River Edge Board of Education as of and for the fiscal year ended June 30, 2012, which collectively comprise the River Edge Board of Education's basic financial statements and have issued our report thereon dated October 31, 2012. 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.

Internal Control Over Financial Reporting

Management of the River Edge Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the River Edge 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 River Edge Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the River Edge 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 River Edge Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

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

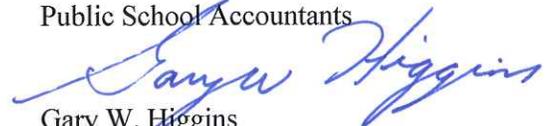
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the River Edge 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.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other 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.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
October 31, 2012

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

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

Independent Auditor's Report

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

Compliance

We have audited the River Edge Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of River Edge Board of Education's major state programs for the fiscal year ended June 30, 2012. River Edge Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the River Edge Board of Education's management. Our responsibility is to express an opinion on River Edge Board of Education's compliance based on our audit.

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

In our opinion, River Edge Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

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

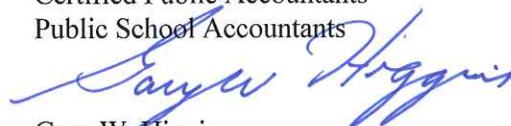
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state program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

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

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



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



Gary W. Higgins
 Public School Accountant
 PSA Number CS00814

Fair Lawn, New Jersey
 October 31, 2012

RIVER EDGE BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2011		Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Deferred Revenues	Balance, June 30, 2012		MEMO	
				Def. Revenues/ (Acct. Receiv.)	Due to Grantor					(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Expenditures
State Department of Education													
General Fund			\$ 310,613			\$ 289,425	\$ 310,613			\$ (21,188)		\$	\$ 310,613
Special Education Categorical Aid	12-495-034-5120-089	7/1/11-6/30/12	198,009			151,356	198,009			(198,009)			198,009
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	151,356	\$ (151,356)									
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	151,356				1,566			(1,566)		\$ (1,566)	1,566
Non Public Transportation Reimburse.	N/A	7/1/11-6/30/11	2,610	(2,610)									
Non Public Transportation Reimburse.	N/A	7/1/10-6/30/11	2,610										
On-Behalf TPAF Normal Costs	12-495-034-5095-006	7/1/11-6/30/12	212,296			212,296	212,296						212,296
On-Behalf TPAF NCGI Premium	12-495-034-5095-007	7/1/11-6/30/12	22,782			22,782	22,782						22,782
On-Behalf TPAF Post-Retirements Medical Contributions	12-495-034-5095-001	7/1/11-6/30/12	472,568			472,568	472,568						472,568
On-Behalf TPAF Soc. Sec. Contributors	12-495-034-5095-002	7/1/11-6/30/12	526,749			526,749	526,749						526,749
On-Behalf TPAF Soc. Sec. Contributors	11-495-034-5095-002	7/1/10-6/30/11	526,749	(27,425)									
Total General Fund			1,705,211	(181,391)		1,744,583	1,744,583			(220,763)		(1,566)	1,744,583
Special Revenue Fund													
New Jersey Nonpublic Aid	12-100-034-5120-064	7/1/11-6/30/12	42,244			42,234	41,762				\$ 472		41,762
Textbook Aid	12-100-034-5120-070	7/1/11-6/30/12	60,325			60,325	60,325						60,325
Nursing Aid													
Auxiliary Services													
Compensatory Education, c/o	11-100-034-5120-067	7/1/10-6/30/11	58,944	\$ 1,926		101,102	90,197	\$ 1,926					90,197
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	101,102								10,905		10,905
English as a Second Language, c/o	11-100-034-5120-067	7/1/10-6/30/11	13,661	3,330		13,793	7,414	3,330					7,414
English as a Second Language	12-100-034-5120-067	7/1/11-6/30/12	13,793			24,205	8,068				16,137		8,068
Transportation	12-100-034-5120-068	7/1/11-6/30/12	24,205										
Handicapped Services													
Corrective Speech, c/o	11-100-034-5120-066	7/1/10-6/30/11	105,535	9,310		109,315	96,678	9,310					96,678
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	109,315			109,315	96,678				12,637		96,678
Examination & Classification	12-100-034-5120-066	7/1/11-6/30/12	108,698			108,698	107,407				1,291		107,407
Examination & Classification, c/o	11-100-034-5120-066	7/1/10-6/30/11	106,690	639		106,690	107,407	639					107,407
Supplementary Instruction, c/o	12-100-034-5120-066	7/1/10-6/30/11	41,343	9,103		55,422	45,108	9,103					45,108
Supplementary Instruction	12-100-034-5120-066	7/1/11-6/30/12	55,422			55,422	45,108				10,314		45,108
Home Instruction	N/A	7/1/11-6/30/12	1,663			1,663	1,663					(1,663)	1,663
Home Instruction	N/A	7/1/10-6/30/11	1,663	(1,088)		1,688							
Total Special Revenue Fund			1,088	(1,088)		516,182	458,672	24,308		(1,663)		(1,663)	458,672
Pass Through - River Dell Regional													
Non-Public Nursing Aid	12-100-034-5120-070	7/1/11-6/30/12	8,603			8,603	8,603						8,603
Non-Public Textbook Aid	12-100-034-5120-064	7/1/11-6/30/12	12,288			12,288	12,288						12,288
Total Pass Through State Financial Assistance			20,891			20,891	20,891						20,891
Debt Service Fund													
Debt Service Aid-State Support	12-495-034-5120-075	7/1/11-6/30/12	217,099			217,099	217,099						217,099
Total			(182,479)	24,308		2,459,383	2,441,195	24,308		(222,426)		(3,229)	2,441,195
State Financial Assistance Not Subject to Single Audit Determination													
General Fund													
On-Behalf TPAF Normal Costs			(212,296)			(212,296)	(212,296)						(212,296)
On-Behalf TPAF NCGI Premium			(22,782)			(22,782)	(22,782)						(22,782)
On-Behalf TPAF Post-Retirements Medical Contributions			(472,568)			(472,568)	(472,568)						(472,568)
Total State Financial Assistance Subject to Single Audit			(182,479)	24,308		1,751,737	1,733,549	24,308		(222,426)		(3,229)	1,733,549

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$67,841 for the general fund and a increase of \$40,874 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 2,366	\$ 1,676,742	\$ 1,679,108
Special Revenue Fund	427,911	477,945	905,856
Capital Projects Fund	90,000		90,000
Debt Service Fund	<u>-</u>	<u>217,099</u>	<u>217,099</u>
Total Financial Assistance	<u>\$ 520,277</u>	<u>\$ 2,371,786</u>	<u>\$ 2,892,063</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$526,749 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$235,078 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$472,568 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

**RIVER EDGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part I – Summary of Auditor’s Results

Financial Statement Section

- | | | |
|---|----------------------------|--------------------------------|
| A) Type of auditors' report issued: | <u>Unqualified Opinion</u> | |
| B) Internal control over financial reporting: | | |
| 1) Material weakness(es) identified? | <u> </u> yes | <u> X </u> no |
| 2) Were significant deficiencies identified that were not considered to be material weaknesses? | <u> </u> yes | <u> X </u> none reported |
| C) Noncompliance material to basic financial statements noted? | <u> </u> yes | <u> X </u> no |

Federal Awards Section

Not Applicable

**RIVER EDGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part I – Summary of Auditor's Results

State Awards Section

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

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

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

M) Internal Control over compliance:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported

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

O) Identification of major programs:

GMIS Number(s)	Name of State Program
<u>12-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>12-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contributions</u>
<u> </u>	<u> </u>

**RIVER EDGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**RIVER EDGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

CURRENT YEAR FEDERAL AWARDS

There are none

CURRENT YEAR STATE AWARDS

There are none.

**RIVER EDGE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.