

**BOROUGH OF SOMERDALE
SCHOOL DISTRICT
SOMERDALE, NEW JERSEY**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	2
Organizational Chart	9
Roster of Officials	10
Consultants and Advisors	11
FINANCIAL SECTION	
Independent Auditor's Report	13
Required Supplementary Information – Part I Management’s Discussion and Analysis	18
Basic Financial Statements	
A. District-Wide Financial Statements:	
A-1 Statement of Net Assets	27
A-2 Statement of Activities	28
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	30
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	31
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Proprietary Funds:	
B-4 Statement of Net Assets	34
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	35
B-6 Statement of Cash Flows	36
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	37
B-8 Statement of Changes in Fiduciary Net Assets	38
Notes to the Financial Statements	39
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	60
C-1a Combining Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual	N/A
C-1b Budgetary Comparison Schedule – General Fund – Education Jobs Fund	70
C-2 Budgetary Comparison Schedule – Special Revenue Fund	71
Notes to the Required Supplementary Information	
C-3 Budget-to-GAAP Reconciliation	72

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Table of Contents (Cont'd)

	Page
Other Supplementary Information	
D. School Based Budget Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis	75
E-2 Preschool Education Aid Schedule(s) of Expenditures – Budgetary Basis	77
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	79
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis	80
F-2a Schedule(s) of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	81
G. Proprietary Funds:	
Enterprise Fund:	
G-1 Combining Statement of Net Assets	84
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	85
G-3 Combining Statement of Cash Flows	86
Internal Service Fund:	
G-4 Combining Statement of Net Assets	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	88
H-2 Combining Statement of Changes in Fiduciary Net Assets	89
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	90
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	91

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Table of Contents (Cont'd)

	Page
Other Supplementary Information (Cont'd)	
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	93
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	94
STATISTICAL SECTION (Unaudited)	
Introduction to the Statistical Section	
Financial Trends	
J-1 Net Assets by Component	97
J-2 Changes in Net Assets	98
J-3 Fund Balances—Governmental Funds	101
J-4 Changes in Fund Balances—Governmental Funds	102
J-5 General Fund Other Local Revenue by Source	103
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	105
J-7 Direct and Overlapping Property Tax Rates	106
J-8 Principal Property Taxpayers	107
J-9 Property Tax Levies and Collections	108
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	110
J-11 Ratios of General Bonded Debt Outstanding	111
J-12 Direct and Overlapping Governmental Activities Debt	112
J-13 Legal Debt Margin Information	113
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	115
J-15 Principal Employers	116
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	118
J-17 Operating Statistics	119
J-18 School Building Information	120
J-19 Schedule of Required Maintenance Expenditures by School Facility	121
J-20 Insurance Schedule	122
SINGLE AUDIT SECTION	
K-1 Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	15
K-2 Independent Auditor's 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 State of New Jersey Circular 04-04-OMB	124
K-3 Schedule of Expenditures of Federal Awards, Schedule A	126
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	128
K-5 Notes to the Schedules of Awards and Financial Assistance	130
K-6 Schedule of Findings and Questioned Costs	132
K-7 Summary Schedule of Prior Audit Findings	137

INTRODUCTORY SECTION



Somerdale Public School District

301 Grace Street
Somerdale, New Jersey 08083



Dr. Dennis Vespe – Superintendent
Mr. Michael Eckmeyer – Vice Principal
(856) 783-6261 (856) 783-2607 FAX

October 5, 2012

Somerdale Board of Education
301 Grace Street
Somerdale, NJ 08083

Dear Somerdale Board of Education Members:

The Comprehensive Annual Financial Report of the Somerdale Board of Education for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (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 results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District’s organizational chart and a list of principal officers. The financial section includes the financial statements and schedules, as well as the auditor’s report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, “Audits of State and Local Governments, and Non-Profit Organizations”, and the State of New Jersey Circular Letter 04-04 OMB, “Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.” Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

- 1. REPORTING ENTITY AND ITS SERVICES:** The Borough of Somerdale School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB), as established by GASB Statement No. 14. All funds and account groups for the District are included in this report. The Somerdale Board of Education and Somerdale Park Public School constitutes the District’s reporting entity.

Somerdale was incorporated as a Borough after division from Clementon Township in 1929. Somerdale is located in Camden County and encompasses 1.36 miles and borders on Hi-Nella, Stratford, Magnolia, Lawnside, Gloucester Township and Voorhees Township.

Development for the first twenty years was minimal due to the effects of the depression and World War II. However, following the war, housing and commercial development began. Today, the Borough’s development includes industrial parks, a sheet metal plant, a food vending service operator and other businesses.

Somerdale Park School is the only school in the Borough of Somerdale. Somerdale Public School District is a member of the Sterling Interdistrict. The four K-8 school districts of Laurel Springs, Magnolia, Somerdale, and Stratford send their 9-12 students to the Sterling Regional High School District.

Board of Education

The Board of Education is composed of nine members. Each year the Board undergoes a Self-Evaluation procedure during which its members review its goals and objectives and rates itself on the attainment of those goals and objects. Areas of evaluation include Policy, Instructional Program, Financial Operations, Board Operations, Personnel Performance, Relationship with District/School Administrators, Relationship with Association/Other Staff Members and Parent/Community Relationships.

Administration

The district went through a change of administrative structure during the 2011-2012 year. Dr. Dennis Vespe replaced Mr. James Bathurst as Superintendent/Principal; Dr. Vespe also serves as the director of special education for the district. Dawn Leary, the District’s School Business Administrator/Board Secretary, recently resigned after completing her fourth year as Business Administrator/Board Secretary in the Somerdale School District. Mr. Michael Eckmeyer is serving as Vice-Principal/Guidance Counselor. Mr. Gregg D’Ippoloto is in his second year as Shared Services Educational Facilities Manager.

Student Enrollment

Efforts continue to ensure that educational services are provided only to those students who legally reside within school district boundaries. Attempts by people to register their children who are not entitled to attend district schools continue to be identified and rejected.

The District completed the 2011-2012 fiscal year with an enrollment of 525 students. This count does not include out-of-district placements. The following details the changes in student enrollment in the District over the last five years.

	<u>Ending Enrollment</u>	
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012	525	4.2
2011	504	7.5
2010	464.0	(5.3)
2009	490.0	3.8
2008	472.0	(6.5)

2. ECONOMIC CONDITIONS AND OUTLOOK

Local Economy: The Borough of Somerdale has experienced very little growth and expansion over the last decade. There is little growth in community retail and professional facilities and there is a disproportionate residential taxpayer-based economy. Many of the residents are employed in the major cities of Philadelphia and Atlantic City or in the larger towns surrounding the Borough. While other portions of the State and other States in the Nation have experienced a distinct economic rebound during the past three years, the portion of Camden County in which the District is located has experienced a slower rate of recovery. However, the Mayor and Borough Council have been involved in various economic redevelopment/revitalization projects over the past few years, most notably, the rehabilitation of the plaza, and the opening of the new “Towne Centre.” In conjunction with the Towne Centre opening, housing (*affordable*) units opened in Spring, 2012. The additional housing is expected to have an impact on the school’s enrollment figures, beginning possibly in the 2013-’14 school year.

3. MAJOR ACCOMPLISHMENTS

In conjunction with the mandates of No Child left Behind (NCLB), we continued to monitor our K-8 assessment system, with a strong focus on our NJASK assessments at grades 3-8. Overall, our students were competitive with other districts in our District Factor Group as we continued the process of evaluating and assessing the various sub-group categories as per NCLB at grades 3-8.

With regard to facilities, in conjunction with the architect-of-record, the district has completed its roofing and HVAC project. The district continues to add security cameras throughout the interior and exterior and will begin a drainage project in the spring of 2013.

4. STUDENT ACHIEVEMENT

A summary of the NJASK shows that the middle school level made AYP (Adequate Yearly Program) in mathematics and the elementary grades have met 39 out of 40 indicators. The district has changed the mathematics curriculum to the “Envisions” series from the “Every day Math” series. The district has updated the K-8 math and language arts curriculum. The influx of ESL students continues to cause a strain on the State testing results.

5. SAFETY AND SECURITY

The District continued to place a major focus and emphasis on crime prevention and drug and alcohol substance abuse awareness programs via our DARE, and other related drug and alcohol substance abuse programs. Activities continued to be developed to recognize and/or celebrate Red Ribbon and Violence and Vandalism weeks; as well as having had our Discipline Committee meet throughout the year to revise our discipline policy. The District developed a bullying and harassment policy during the 2002-'03 school year, and continued to support the mandates of same for the 2011-'12 school year. With the new mandates regarding bullying and harassment, the district will be reviewing and revising its bullying and harassment policies for the 2012-'13 school year.

A state-of-the-art electronic security camera/building entry system (buzzer) was installed at the Somerdale Park School during the 2002-'03 school year. Plans to expand the program were developed in the 2004-'05 and 2005-'06 school year(s); and additional cameras and a security wall were installed in the 2007-'08, 2008-'09, and 2011-2012 school years, respectively. The system monitors all individuals entering and leaving the building in the course of the school day; with all external doors remaining locked during the school day. A list identifying the names and positions of all staff members who have been issued external door keys is on file in the Business Office. These measures were undertaken to ensure the safety and security of all students and staff during the school day. The coordinated efforts of school administration, teachers, other personnel, and municipal police, continues to promote a learning environment that is safe for both students and staff to learn and teach, respectively. Whenever breaches of safety are experienced, district personnel respond swiftly with fair and corrective action.

The BOE recognizes the public's right to be informed on a continuing basis of the activities of the Board of Education, the administrators, staff and its students. In-house publications, the PTA newsletter, the Somerdale Borough's newsletter, the interdistrict's Channel 19, and the district's website continue to inform the public on school events. Lastly, the lines of communication between and among the other districts within the Sterling Regional Interdistrict Schools are always “open” and very strong.

6. CURRICULUM SERVICES

Staff Development: The school schedules are created to facilitate collaborative professional learning. Preparation periods are scheduled to provide common planning times for grade level partners. At least once weekly the grade level partners meet together. These meetings ensure our curriculum is consistent and ever improving across each grade level. Once a month teachers meet in professional learning communities. These meetings are focused on improving and aligning school curriculum, as well as using data analysis to drive instruction. There were five early dismissal days and two full days devoted to professional development training. There was also one full day interdistrict training as well. Finally, each teacher has the opportunity to take two professional development days to attend out of district workshops or classroom visitations.

Summer Enrichment Program: Once again, the District offered a Summer School enrichment program to its students in the Summer, 2011 term, and Response To Intervention (RTI) workshops to students in the Summer, 2011 term. Low-income/disadvantaged and ESL students were given the opportunity to participate in a variety of programs.

New Teacher Training: A New Teacher Mentoring Program was developed and implemented by the District's Professional Development Committee; and key areas addressed included classroom management; home and school communication; effective instruction; curriculum development; and technology.

7. TECHNOLOGY

The District's Technology Committee revised and drafted a new (3) year (2011-2013) technology plan that was approved by the Camden County NJDOE. With the hiring of a computer teacher/facilitator in 1999 and the supplemental hiring of a technology hardware specialist in the 2004-'05 school year, and the acquisition and partnership with Sterling Regional's South Jersey Technology Partnership (SJTP) in 2005, the District continues its demonstrated commitment to technology education. The addition of a part-time (PT) SJTP technology representative first employed on-site during the 2008-'09 school year, has enhanced the technology support systems within the building.

The District transitioned to the Office 3000 Systems software system in the 2005-'06 school year. The District enters information for accounting/budgeting and student information into the system daily. Additionally, the District integrates and utilizes the NJSMART System to maintain all student records. Reports are generated through the Center's mainframe computer. The payroll is outsourced through CASA Payroll Services. The Business Office staff enters the payroll data bi-weekly. The checks, reports and payment of Federal and State taxes are made by CASA. They also issue all payments required to cover Agency accounts.

The South Jersey Technology Partnership (SJTP) is the central location for repair of Somerdale's computer equipment and/or network system. Their assistance has helped alleviate the need for an out-of-district computer technician. It has also allowed the District technology teacher to devote his time to curriculum and classroom needs. As stated above, the addition of a PT technician on-site has enhanced our technology support programs.

The District continues to plan for continued growth with upgrades to the telecommunications infrastructure within the District. Additionally, the District continues to expand its use of the Power School educational software system to maintain and monitor its student record-keeping and grading systems. These initiatives allow full access to the worldwide web by all teachers in their classrooms and total internal connectivity to all Somerdale data banks on a single platform for administrative and support personnel. Continued improvement to the infrastructure and subsequent training for all staff is planned for the 2012-'13 school year.

8. PURCHASING AND RECEIVING

Purchasing and receiving of supplies and equipment is being expanded to take advantage of standardized group purchasing and the substantial savings that can be realized along with the requirement to manage the District's fixed assets for both state, GASB and insurance purposes.

The School Business Administrator acts as the Purchasing Agent for the District. All quotes, bids and purchasing are conducted through the Business Office. Purchase requisitions are completed by staff members, reviewed by the Principal for educational accuracy, reviewed by the Superintendent for budgetary accuracy, and reviewed by the Business Administrator to insure that all parties have reviewed and signed-off on the requisition. Following review by all three parties the purchase order is entered into the computer system. It is then forwarded to the vendor for completion of the purchase. The District has assigned an employee to receive, document and distribute supplies and materials that come into the school to each department and/or staff member. The process and procedures followed by the assigned staff member ensures the receipt of supplies and materials for the purchasing agent. (*School Business Administrator*)

Ancillary products and services that go arm-in-arm with computer technology, demonstrates the advancements in school purchasing procedures. Purchasing Agents increasingly need to ensure they have support services for the products they buy. It is becoming a more demanding process and requires increased evaluation and work to understand the ramifications of what is being purchased before going out for a quote or bidding materials and equipment.

When instructional personnel evaluate a product or service, they focus on how it fits their need in the instructional program. They do not necessarily take into account the ensuring long-range cost associated with the process of purchasing the product or service. Purchasing departments have the responsibility to oversee both the evaluation and purchasing processes associated with these purchases. Although education supervisors make decisions regarding what they want to purchase, it is up to the School Business Administrator to see that the purchasing is done properly, either by quotes or the bidding process which is outlined in State regulations.

The Purchasing Agent is required by law to be able to verify that purchasing is conducted through a competitive quote/bid process. The agent is also responsible for making certain all purchases are carried out according to State law and District regulation and policy.

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

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

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

10. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvement account 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 re-appropriated are reported as reservations of fund balance at June 30, 2012.

11. ACCOUNTING SYSTEM AND REPORTS

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

12. FINANCIAL INFORMATION AT FISCAL YEAR-END

As demonstrated by the various statements and schedules included in the financial section of this report, the District has met its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2012 and the amount and percentage of (decreases/increases) in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>(Decrease)/Increase from 2011</u>	<u>Percent (Decrease)/Increase</u>
Local	\$3,628,612.34	49.21%	\$29,346.76	.82%
State Sources	3,368,006.82	45.68%	69,866.22	2.12%
Federal Sources	376,487.98	5.11%	23,610.47	6.69%
Total	\$7,373,107.14	100.00%	\$122,823.45	1.69%

The minimal increase in Local sources is attributed to an increase in tuition revenue received by the District. The increase in State sources and Federal sources is due to increased grant awards.

12. FINANCIAL INFORMATION AT FISCAL YEAR-END (CONT'D)

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2012 and the percentage increases/decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/Decrease From 2011</u>	<u>Percent Decrease/Increase</u>
Current Expense:				
Instruction	\$2,997,066.50	41.45%	\$285,472.85	10.53%
Undistributed Expenditures	3,860,690.51	53.40%	163,668.19	4.43%
Capital Outlay	24,158.99	.34%	(195,361.87)	(89.00%)
Debt Service	331,181.26	4.58%	(15,300.00)	(4.42%)
Special Schools	16,847.00	.23%	(2,440.93)	(12.66%)
Total	\$7,229,944.26	100.00%	\$236,038.24	3.37%

13. DEBT ADMINISTRATION

At June 30, 2012, the District had outstanding debt issues in the amount of \$1,795,000.00.

14. CASH MANAGEMENT

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

15. RISK MANAGEMENT

As part of the Risk Management Program the School Business Administrator continually reviews the District's insurance programs.

The Risk Management Program of the District is handled through the School Business Administrator and his staff. Risk Management is an important part of the District's ability to protect current and future assets. The Business Office continues to sort through many issues facing the District insurance program including worker's compensation, property, general liability, errors and omissions and bonding, risk management and loss control, insurance brokerage services, student accidents, facility use, personnel, human resources, benefits administration, Medicare, COBRA, coordination of the Family Leave Program, employee orientation and training, Employee Assistance Program, legal assistance, safety and health issues, Safe School, Federal compliance with ADA (Americans with Disabilities Act), EOC Affirmative Action, AHERA compliance, Right-To-Know compliance, product survey and labeling, maintenance of MSDS, HSFS and hazardous chemical issues, PEOSHA filings, Blood borne Pathogens training and administration, disease prevention programs, exposure control compliance, property evaluation and appraisal, regulated medical waste and hazardous material management.

The safety program goes beyond the obvious of just properly maintaining buildings and grounds but is stressed as an attitude to be brought to the facility by students and employees. The School Superintendent reinforces the need to have a stress-free environment and disseminates her desires to the Principal, Teachers, Non-Certified Staff and Students.

The Buildings and Grounds Department is involved in periodic safety inspections throughout the school. Safety meetings are often held with the School Business Administrator and the Safety Committee.

16. CAPITAL PROJECTS

The Architect-of-Record drafted and the State approved, a drainage project to alleviate water problems in the 2004-'05 school year. The project was completed in the 2006-'07 school year. A roof replacement project and an IA laboratory upgrade were completed in 2010-11.

17. OTHER INFORMATION

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board at its Reorganization Meeting selected the accounting firm of Bowman & Co., LLP in April 2012. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and State of New Jersey Circular Letter 04-04 OMB. The auditor’s report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of the report. The auditor’s report related specifically to the single audit is included in the single audit section of this report.

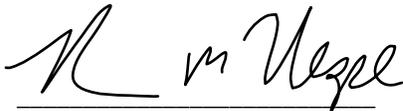
18. AWARDS

The District received a Safety Award from New Jersey School Boards Association Insurance Group. The District was recognized for implementing an effective safety program. This helped to minimize worker’s compensation costs. The ultimate benefit was to the taxpayers and students. The students will have fewer substitute employees so the continuity of their education is maintained at the highest level. The taxpayer will realize a savings, as the school district pays out the lower insurance premium. Dawn Leary, the School Business Administrator received the Safety Award on behalf of the District at the Fall Convention in October of 2012. The District was awarded a commemorative plaque and certificate.

19. ACKNOWLEDGEMENTS

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

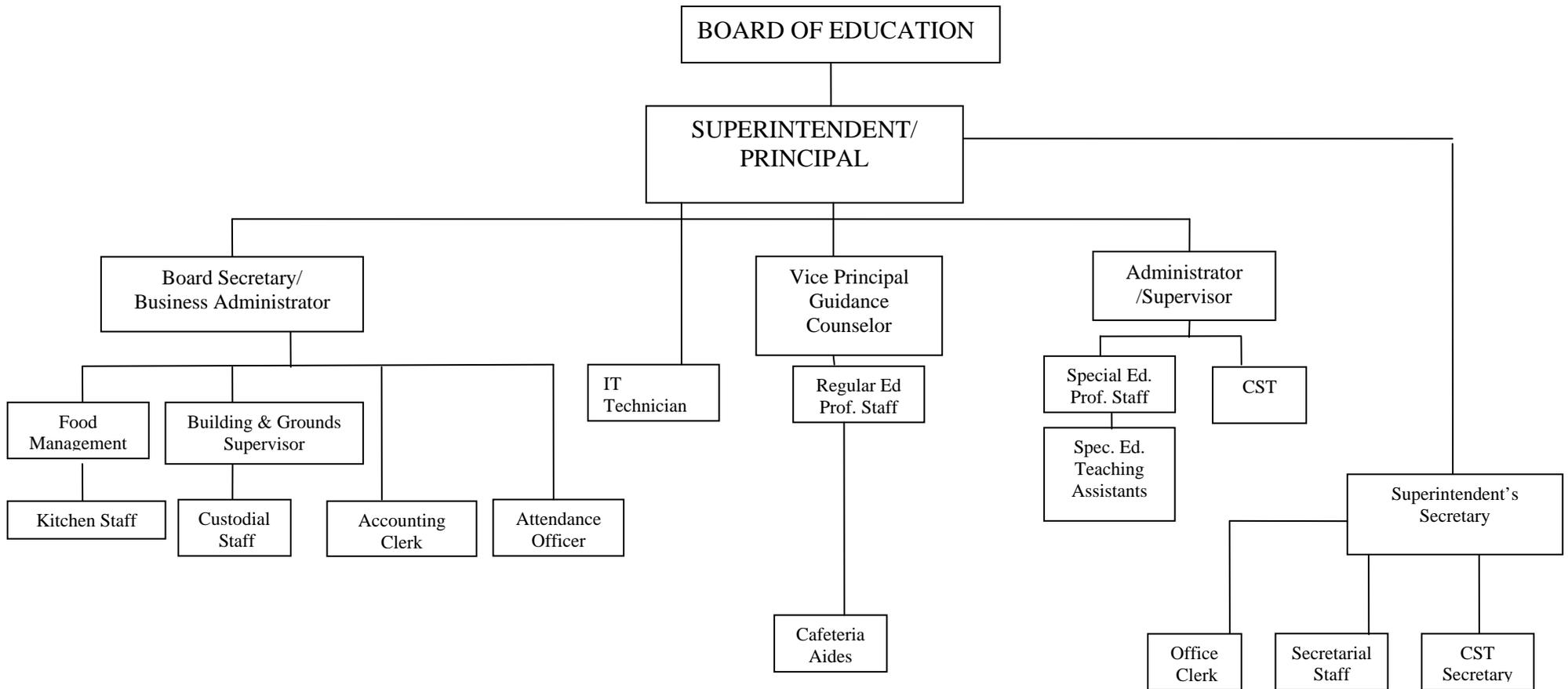
Respectfully submitted:



Dr. Dennis Vespe

Superintendent of Schools

SOMERDALE PUBLIC SCHOOL'S ORGANIZATIONAL CHART



Responsibilities

***B/A**

All Business office/budgetary matters
 Grant Reconciliations/business
 Reports relating to Grants
 Maintenance Dept
 Fed/State reports pertaining to any budgetary
 Matters including but not limited to Grants
 Food services

***VP**

Discipline grades 5-8
 504 and IR&S officer
 State test coordination and HIB
 8th grade to HS transition/scheduling
 Grade level placements grades 6-8
 NCLB Grant
 Regular Ed scheduling
 Classroom observations/evaluations

***Other duties assigned by the Superintendent**

***Admin/Supervisor**

Discipline grades K-4
 IEPs and Related Services
 Out of dist. Placements
 Grade level placement PK-5
 IDEA and Pre School grant
 Special Ed Scheduling
 Special Ed Budget
 Classroom observations/evaluations

**ROSTER OF OFFICIALS
JUNE 30, 2012**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
James Walsh, President	2014
Susan Lowden, Vice-President	2014
Tomas Toff	2013
Linda Giambri	2013
Victoria Burckley	2013
Thomas DiPaolo	2014
Richard Caswell	2012
Michele Frontera	2012
Martha Gray	2012

OTHER OFFICIALS

Dr. Dennis Vespe, Superintendent/Principal

Dawn Leary, Board Secretary/Business Administrator

John S. Kennedy, Solicitor

BOARD OF EDUCATION

SOMERDALE PUBLIC SCHOOL
SOMERDALE, NJ 08083

CONSULTANTS AND ADVISORS

ARCHITECT

Bach & Associates
304 White Horse Pike
Haddon Heights, NJ 08035

AUDITING FIRM

Bowman & Company, LLP
601 White Horse Road
Voorhees, NJ 08043

ATTORNEY

John S. Kennedy, Esq.
Wade, Long, Wood & Kennedy, LLC
1250 Chews Landing Road
Laurel Springs, NJ 08021

OFFICIAL DEPOSITORY

First Colonial National Bank
1150 Haddon Avenue
Collingswood, NJ 08108

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Somerdale School District
Somerdale, New Jersey 08083

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 Borough of Somerdale School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Somerdale School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Division of Administration and 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 School District'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 the 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 Borough of Somerdale School District in the County of Camden, State of New Jersey, 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 4, 2012 on our consideration of the Borough of Somerdale School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 as listed in the table of contents 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 of 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 Borough of Somerdale School District's financial statements. The accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining statements and related major fund supporting statements and schedules and Schedules of Expenditures of Federal Awards and State Financial Assistance are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Somerdale School District's basic financial statements. The introductory section and statistical section listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Kirk N. Applegate

Kirk N. Applegate
Certified Public Accountant
Public School Accountant No. 20CS00223300

Voorhees, New Jersey
October 4, 2012

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

The Honorable President and
Members of the Board of Education
Borough of Somerdale School District
Somerdale, New Jersey 08083

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 Borough of Somerdale School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 4, 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 in compliance with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District'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 Borough of Somerdale School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of management, members of the Board of Education, others within the School District, the Division of Administration and Finance of the New Jersey Department of Education, and 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.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Public School Accountant No. 20CS00223300

Voorhees, New Jersey
October 4, 2012

REQUIRED SUPPLEMENTARY INFORMATION
PART I

**BOROUGH OF SOMERDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

The discussion and analysis of Borough of Somerdale School District's (the School District) financial performance provides an overall review of the School District's 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Overview of the Financial Statements

The financial section of this annual report consists two parts: Part I, management's discussion and analysis (this section), the basic financial statements with the accompanying note disclosures; and Part II, budgetary comparison schedules, notes to the required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

The first two statements, Exhibit A-1 and A-2, are government-wide financial statements that provide both long-term and short-term information about the School District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about those types of activities that operate like a business.

Fiduciary fund statements provide information about the financial relationships in which the School District acts as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The statements are followed by another section, Part II, that contains required supplementary information that further explains and supports the information in the financial statements including; budget schedules, reconciliations and individual fund statements.

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and the Statement of Activities include all assets and liabilities of the School District using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**BOROUGH OF SOMERDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Statement of Net Assets and Statement of Activities (Cont'd)

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

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental and business - type activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and special schools.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Borough of Somerdale School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual basis of 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 School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (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.

Proprietary Funds

Enterprise funds, which are a proprietary fund type used to report an activity for which a fee is charged to an external user for goods or services, are used to report the same functions presented as business-type activities in the district-wide financial statements. The District uses an enterprise fund to account for its food service program.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the Districts' own programs. The accounting used for the fiduciary funds is much like that used for the proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

The School District as a Whole

The Statement of Net Assets provides a snapshot of the School district as a whole.

The table on the following page provides a summary of the School District's net assets for the year ending June 30:

**BOROUGH OF SOMERDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Table 1

**Net Assets
As of June 30,**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets			
Cash and Cash Equivalents	\$ 714,266.02	\$ 534,395.88	\$ 744,928.89
Receivables, net	26,713.47	49,288.34	53,459.08
Intergovernmental Receivables	261,052.41	235,602.46	207,820.30
Inventory	5,601.74	2,802.53	2,831.26
Deferred Costs	43,862.31	50,128.36	56,394.40
Capital Assets, net (Note 5)	4,394,045.24	4,518,967.35	4,470,441.49
Total Assets	<u>5,445,541.19</u>	<u>5,391,184.92</u>	<u>5,535,875.42</u>
Liabilities			
Accounts Payable	96,932.44	33,183.31	213,588.23
Interfunds Payable	15,800.00	15,800.00	14,493.72
Payable to Federal Government		784.80	88.40
Payable to State Government			47,629.37
Deferred Revenue	59,878.16	46,846.99	13,284.95
State Aid Anticipation Note Payable			275,650.00
Noncurrent Liabilities (Note 6):			
Due within One Year	265,861.79	267,420.82	265,000.00
Due beyond One Year	1,796,424.78	2,167,278.98	2,390,755.96
Total Liabilities	<u>2,234,897.17</u>	<u>2,531,314.90</u>	<u>3,220,490.63</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	2,642,907.55	2,519,095.71	2,172,976.66
Restricted for:			
Capital Projects	200,629.25	200,629.25	35,970.05
Debt Service	1.33	8,435.59	8,434.85
Unrestricted (Deficit)	367,105.89	131,709.47	98,003.23
Total Net Assets	<u>\$ 3,210,644.02</u>	<u>\$ 2,859,870.02</u>	<u>\$ 2,315,384.79</u>

The largest portion of the Borough of Somerdale School Districts' net assets reflects its investment in capital assets (i.e. land, buildings, equipment), less any related debt used to acquire those assets that is still outstanding. The Borough of Somerdale School District uses these assets to provide educational services to students; consequently, these assets are not available for future spending. An additional portion of the Districts' net assets represents resources that are subject to external restrictions on how they may be used.

The net assets of the business-type activities decreased by \$7,835.29.

**BOROUGH OF SOMERDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Table 2

**Changes in Net Assets
For the Fiscal Year Ended June 30,**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenues			
Program Revenues:			
Charges for Services	\$ 101,906.02	\$ 86,805.10	\$ 79,679.22
Operating Grants and Contributions	567,654.67	773,637.76	747,972.75
General Revenues:			
Property Taxes	3,586,334.02	3,544,500.00	3,513,395.00
Federal and State Aid	3,275,871.02	2,974,092.58	2,929,140.54
Gain/(Loss) on Disposal of Capital Assets			(12,504.00)
Cancellation of Federal Grant Receivable			(10,223.09)
Unrestricted Miscellaneous Revenues	19,141.40	54,996.67	20,640.07
	<hr/>	<hr/>	<hr/>
Total Revenues	7,550,907.13	7,434,032.11	7,268,100.49
Program Expenses:			
Governmental Activities:			
Instruction	3,004,794.74	2,741,583.65	2,971,359.23
Support Services	3,994,833.60	3,974,896.44	3,939,884.45
	<hr/>	<hr/>	<hr/>
Total Expenses, Governmental Activities	6,999,628.34	6,716,480.09	6,911,243.68
Business-Type Activities:			
Food Service	200,504.79	173,066.79	173,510.00
	<hr/>	<hr/>	<hr/>
Total Expenses, Business-Type Activities	200,504.79	173,066.79	173,510.00
	<hr/>	<hr/>	<hr/>
Total Expenses	7,200,133.13	6,889,546.88	7,084,753.68
	<hr/>	<hr/>	<hr/>
Change in Net Assets	\$ 350,774.00	\$ 544,485.23	\$ 183,346.81

**BOROUGH OF SOMERDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Governmental Activities

Federal/State Aid and the Local Tax Levy comprise 90.88% of the total revenues for government activities for the fiscal year 2012.

Instruction costs comprises 42.93% of the District's governmental expenses, while support service and other expenses comprise approximately 57.07% of the Government Expense.

The Statement of Activities shows the costs of the Governmental Activities' 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 for fiscal year 2012. That is, it identifies the cost of these services supported by general revenues.

Table 3

	Total Cost of services	Net Cost of services
Instruction	\$ 3,004,794.74	\$ 2,638,137.14
Support services:		
Tuition	244,598.50	244,598.50
Student and Instruction Related Service	604,263.64	557,137.80
School Administrative Services	534,681.12	534,681.12
Plant Operation and Maintenance	729,049.16	724,252.16
Pupil Transportation	114,663.67	114,663.67
Unallocated Benefits	1,667,680.24	1,653,045.45
Interest on Long Term Debt	74,622.23	50,207.19
Unallocated Amortization of Deferred Costs	6,266.04	6,266.04
Capital Outlay	2,162.00	17,900.00
Special Schools	16,847.00	16,847.00
	\$ 6,999,628.34	\$ 6,557,736.07
Total Government Activities		

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

Tuition expenses include the cost to the School District to send pupils living within the District to private schools.

Student and instruction related services include the activities designed to assess and improve the well being of students and to supplement the teaching process.

School Administrative and Business and Other Support Services include expenses associated with establishing and administering policy for the School District and include board of education services and executive administrative services.

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

**BOROUGH OF SOMERDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Governmental Activities (Cont'd)

Pupil transportation includes activities involved with the conveyance of students to and from school activities.

Unallocated benefits includes the cost of benefits for the School District staff for social security, retirement contributions, workers' compensation, health, dental, prescription and other employee benefits.

Reimbursed TPAF and Social Security costs are the amounts for the on-behalf payments made by the State of New Jersey for staff members included in the Teacher's Pension and Annuity Fund.

Unallocated depreciation is used to report the depreciation expense on capital assets whose use cannot be specifically identified to one particular function.

The dependence upon property taxes, federal and state aid is apparent. The local community, federal government and state, are the primary support for the Somerdale Borough School District.

The School District's Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All government funds had total revenues of \$7,358,237.63 (Exhibit B-2) and expenditures of \$7,223,940.65. The net change in fund balance in the General Fund was an increase of \$142,731.24.

General Fund Budgeting Highlights

The School District's budget is prepared in accordance with New Jersey Law. Most of the funds are appropriated in the General Fund.

During the course of the 2012 fiscal year, the School District modified its General Fund budget numerous times. The net change in the total budget modification primarily resulted from the rollover of the prior year's encumbrances.

For the General Fund, the final budget basis revenue estimate was \$5,974,205.00, compared with the original estimate of \$5,971,340.00. Actual revenues in the amount of \$6,615,017.30, resulted in a positive variance of \$640,812.30. The positive variance occurred because of the TPAF On-behalf and Social Security payments by the State of New, additional State Aid and additional local source revenues.

The General Fund final budget basis expenditure appropriation estimate was \$6,175,495.00, compared with the original estimate of \$6,168,435.00. Actual General Fund basis expenditures were \$6,463,420.16.

**BOROUGH OF SOMERDALE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Capital Assets

At the end of the fiscal year, the School District had \$6,707,636.81 invested in land, land improvements, buildings and improvements, and equipment.

Table 4 shows a summary of the district's fiscal 2012 balances:

**Table 4
Capital Assets (Net of Depreciation)**

Land	\$ 38,163.00
Land Improvements	54,490.00
Buildings and Improvements	6,201,475.24
Furniture and Equipment	<u>413,508.57</u>
Totals	<u><u>\$ 6,707,636.81</u></u>

Overall capital assets increased \$21,997.00 from fiscal year 2011 to fiscal year 2012. Increases and decreases in capital assets were offset by depreciation expense for the year.

Debt Administration

At the end of the current fiscal year, the Borough of Somerdale School District had total bonded debt outstanding of \$1,795,000.00. All of the Districts' bonded debt is governmental as opposed to business-type. The bonds will mature on May 1, 2019.

Economic Factors and Next Year's Budget

For the 2011-2012 school year, the School District was able to sustain its budget through the tax levy, federal aid, state aid and miscellaneous revenue sources. One of the most important factors affecting the School District's budget is its enrollment. The 2011-2012 budget was adopted based on the State of New Jersey's aid being held harmless for any increase in enrollment. The District continues to examine its costs in an effort to prevent additional burden on the taxpayers of the municipality.

Contacting the School District's Financial Management

The School District's financial report is designed to provide citizen groups, taxpayers, parents, students, other local officials and investors and creditors with a general overview of the School District's finances and to show its accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Borough of Somerdale School District at 301 Grace Street, Somerdale New Jersey 08083.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Statement of Net Assets

June 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 675,432.71	\$ 38,833.31	\$ 714,266.02
Receivables, net	22,932.87	3,780.60	26,713.47
Intergovernmental Receivables	261,052.41		261,052.41
Inventory		5,601.74	5,601.74
Deferred Costs:			
Cost of Issuance of Bonds, Net of Amortization	43,862.31		43,862.31
Capital Assets, net (Note 5)	4,359,661.94	34,383.30	4,394,045.24
Total Assets	5,362,942.24	82,598.95	5,445,541.19
LIABILITIES:			
Accounts Payable	96,932.44		96,932.44
Interfunds Payable		15,800.00	15,800.00
Deferred Revenue	58,328.87	1,549.29	59,878.16
Accrued Interest Payable	10,861.79		10,861.79
Noncurrent Liabilities (Note 6):			
Due within One Year	255,000.00		255,000.00
Due beyond One Year	1,796,424.78		1,796,424.78
Total Liabilities	2,217,547.88	17,349.29	2,234,897.17
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	2,608,524.25	34,383.30	2,642,907.55
Restricted for:			
Capital Projects	200,629.25		200,629.25
Debt Service	1.33		1.33
Unrestricted	336,239.53	30,866.36	367,105.89
Total Net Assets	\$ 3,145,394.36	\$ 65,249.66	\$ 3,210,644.02

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2012

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction:							
Regular	\$ 2,306,668.24	\$ 23,938.00	\$ 344,881.60		\$ (1,937,848.64)		\$ (1,937,848.64)
Special Education	502,045.24				(502,045.24)		(502,045.24)
Other Special Instruction	196,081.26				(196,081.26)		(196,081.26)
Support Services:							
Tuition	244,598.50				(244,598.50)		(244,598.50)
Student and Instruction Related Services	604,263.64		47,125.84		(557,137.80)		(557,137.80)
School Administrative Services	534,681.12				(534,681.12)		(534,681.12)
Plant Operations and Maintenance	729,049.16		4,797.00		(724,252.16)		(724,252.16)
Pupil Transportation	114,663.67				(114,663.67)		(114,663.67)
Unallocated Benefits	1,667,680.24		14,634.79		(1,653,045.45)		(1,653,045.45)
Interest on Long-Term Debt	74,622.23		24,415.04		(50,207.19)		(50,207.19)
Unallocated Amortization of Deferred Costs	6,266.04				(6,266.04)		(6,266.04)
Capital Outlay	2,162.00		17,900.00		15,738.00		15,738.00
Special Schools	16,847.00				(16,847.00)		(16,847.00)
Total Governmental Activities	6,999,628.34	23,938.00	453,754.27	\$ -	(6,521,936.07)	\$ -	(6,521,936.07)
Business-Type Activities:							
Food Service	200,504.79	77,968.02	113,900.40			(8,636.37)	(8,636.37)
Total Business-Type Activities	200,504.79	77,968.02	113,900.40	-	-	(8,636.37)	(8,636.37)
Total Primary Government	\$ 7,200,133.13	\$ 101,906.02	\$ 567,654.67	\$ -	(6,521,936.07)	(8,636.37)	(6,530,572.44)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, net					3,586,334.02		3,586,334.02
Federal and State Aid not Restricted					3,275,871.02		3,275,871.02
Miscellaneous Income					18,340.32	801.08	19,141.40
Total General Revenues, Special Items, Extraordinary Items and Transfers					6,880,545.36	801.08	6,881,346.44
Change in Net Assets					358,609.29	(7,835.29)	350,774.00
Net Assets -- July 1					2,786,785.07	73,084.95	2,859,870.02
Net Assets -- June 30					\$ 3,145,394.36	\$ 65,249.66	\$ 3,210,644.02

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

FUND FINANCIAL STATEMENTS

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 636,479.87		\$ 95,217.05	\$ 1.33	\$ 731,698.25
Receivables, net:					
Interfunds Receivable:					
Payroll Agency Fund	7,132.87				7,132.87
Enterprise Fund	15,800.00				15,800.00
Receivables from Other Governments	26,411.01	\$ 129,229.20	105,412.20		261,052.41
Total Assets	\$ 685,823.75	\$ 129,229.20	\$ 200,629.25	\$ 1.33	\$ 1,015,683.53
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Cash Overdrafts		\$ 56,265.54			\$ 56,265.54
Accounts Payable	\$ 82,297.65	14,634.79			96,932.44
Deferred Revenue		58,328.87			58,328.87
Total Liabilities	82,297.65	129,229.20	\$ -	\$ -	211,526.85
Fund Balances:					
Restricted:					
Excess Surplus	94,605.47				94,605.47
Capital Projects			200,629.25		200,629.25
Debt Service				1.33	1.33
Assigned:					
Other Purposes	178,874.43				178,874.43
Subsequent Year's Expenditures	314,378.00				314,378.00
Unassigned	15,668.20				15,668.20
Total Fund Balances	603,526.10	-	200,629.25	1.33	804,156.68
Total Liabilities and Fund Balances	\$ 685,823.75	\$ 129,229.20	\$ 200,629.25	\$ 1.33	

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 \$6,707,636.81 and the accumulated depreciation is \$2,347,974.87.	4,359,661.94
Accrued interest payable is not due and payable in the current period and therefore is not reported as liabilities in the funds.	(10,861.79)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(2,051,424.78)
Deferred Costs, such as bond issue costs, are not recorded as an asset in the governmental funds.	43,862.31
Net assets of governmental activities.	<u>\$ 3,145,394.36</u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
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	\$ 3,369,726.02			\$ 216,608.00	\$ 3,586,334.02
Tuition Charges	23,938.00				23,938.00
Miscellaneous	18,340.32				18,340.32
State Sources	3,099,817.06	\$ 153,184.86		106,139.00	3,359,140.92
Federal Sources	94,330.00	276,154.37			370,484.37
	<u>6,606,151.40</u>	<u>429,339.23</u>	<u>\$ -</u>	<u>322,747.00</u>	<u>7,358,237.63</u>
EXPENDITURES:					
Current:					
Regular Instruction	1,954,058.40	344,881.60			2,298,940.00
Special Education Instruction	502,045.24				502,045.24
Other Special Instruction	196,081.26				196,081.26
Undistributed Expenditures:					
Tuition	244,598.50				244,598.50
Student and Instruction Related Services	557,137.80	47,125.84			604,263.64
School Administrative Services	530,816.46				530,816.46
Plant Operations and Maintenance	572,013.19	4,797.00			576,810.19
Pupil Transportation	114,663.67				114,663.67
Unallocated Benefits	1,248,846.69	14,634.79			1,263,481.48
Reimbursed TPAF and Social Security	520,052.96				520,052.96
Debt Service:					
Interest				76,181.26	76,181.26
Redemption of Principal				255,000.00	255,000.00
Capital Outlay	6,258.99	17,900.00			24,158.99
Special Schools	16,847.00				16,847.00
	<u>6,463,420.16</u>	<u>429,339.23</u>	<u>-</u>	<u>331,181.26</u>	<u>7,223,940.65</u>
Total Expenditures					
Excess (Deficiency) of Revenues over Expenditures	<u>142,731.24</u>	<u>-</u>	<u>-</u>	<u>(8,434.26)</u>	<u>134,296.98</u>

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
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>
OTHER FINANCING SOURCES (USES):					
Operating Transfers Between Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources and Uses	-	-	-	-	-
Net Change in Fund Balances	142,731.24	-	-	(8,434.26)	134,296.98
Fund Balance -- July 1	<u>460,794.86</u>	<u>-</u>	<u>200,629.25</u>	<u>8,435.59</u>	<u>669,859.70</u>
Fund Balance -- June 30	<u>\$ 603,526.10</u>	<u>\$ -</u>	<u>\$ 200,629.25</u>	<u>\$ 1.33</u>	<u>\$ 804,156.68</u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2012

Total Net Change in Fund Balances - Governmental Funds	\$ 134,296.98
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>	
Depreciation Expense	\$ (163,831.87)
Capital Asset Additions (Net of Debt Service Assessment)	<u>21,996.99</u>
	(141,834.88)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>	
	255,000.00
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.</p>	
	1,559.03
<p>In the statement of activities, amortization of deferred costs is accrued. In the governmental funds, amortization is not recorded.</p>	
	(6,266.04)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>	
	<u>115,854.20</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 358,609.29</u></u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Statement of Net Assets
Enterprise Fund
As of June 30, 2012

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 38,833.31
Accounts Receivable:	
State	95.72
Federal	3,684.88
Inventories	<u>5,601.74</u>
Total Current Assets	<u>48,215.65</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	131,199.90
Less Accumulated Depreciation	<u>(96,816.60)</u>
Total Noncurrent Assets	<u>34,383.30</u>
Total Assets	<u>82,598.95</u>
LIABILITIES:	
Current Liabilities:	
Interfund Payable - General Fund	15,800.00
Deferred Revenue	<u>1,549.29</u>
Total Liabilities	<u>17,349.29</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	34,383.30
Unrestricted	<u>30,866.36</u>
Total Net Assets	<u>\$ 65,249.66</u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Enterprise Fund
 Statement of Revenues, Expenditures and Changes in Fund Net Assets
 For the Fiscal Year Ended June 30, 2012

	<u>Food Service</u>
OPERATING REVENUES:	
Local Sources:	
Daily Sales - Reimbursable Programs:	\$ 57,450.88
Daily Sales Non-Reimbursable Programs	<u>20,517.14</u>
Total Operating Revenue	<u>77,968.02</u>
OPERATING EXPENSES:	
Salaries	95,703.79
Management Fee	11,499.60
Food	74,938.89
Supplies	5,807.55
Insurance Fee	2,739.19
Miscellaneous Fee	3,399.25
Repairs and Maintenance	2,871.38
Depreciation	<u>3,545.14</u>
Total Operating Expenses	<u>200,504.79</u>
Operating Loss	<u>(122,536.77)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	2,467.00
Federal Sources:	
National School Lunch Program	84,194.24
School Breakfast Program	12,814.62
Food Distribution Program	14,424.54
Interest Revenue	<u>801.08</u>
Total Nonoperating Revenues (Expenses)	<u>114,701.48</u>
Change in Net Assets	(7,835.29)
Net Assets - July 1	<u>73,084.95</u>
Net Assets - June 30	<u><u>\$ 65,249.66</u></u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended June 30, 2012

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 77,527.49
Payments to Employees	(95,703.79)
Payments to Suppliers	<u>(89,370.06)</u>
Net Cash Used for Operating Activities	<u>(107,546.36)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	2,505.65
Federal Sources	<u>97,927.13</u>
Net Cash Provided by Non-Capital Financing Activities	<u>100,432.78</u>
CASH FLOWS FROM CAPITAL AND RELATED INVESTING ACTIVITIES:	
Acquisition of Capital Assets	<u>(20,457.90)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>801.08</u>
Net Cash Provided by Investing Activities	<u>801.08</u>
Net Decrease in Cash and Cash Equivalents	(26,770.40)
Cash and Cash Equivalents, July 1	<u>65,603.71</u>
Cash and Equivalents, June 30	<u><u>\$ 38,833.31</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	\$ (122,536.77)
to Cash Used by Operating Activities:	
Depreciation and Net Amortization	3,545.14
Federal Commodities	14,424.54
Change in Assets and Liabilities:	
(Increase) / Decrease in Inventory	(2,799.21)
Increase/(Decrease) in Pre-Paid Lunch Receipts	<u>(180.06)</u>
Total Adjustments	<u>14,990.41</u>
Net Cash Used in Operating Activities	<u><u>\$ (107,546.36)</u></u>

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Trust Fund	Agency Funds		Totals
	<u>Unemployment Compensation Insurance</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:				
Cash and Cash Equivalents	\$ 3,986.93	\$ 22,237.21	\$ 40,960.82	\$ 67,184.96
LIABILITIES:				
Payroll Deductions Payable			\$ 33,827.95	33,827.95
Interfund Payable:				
General Fund			7,132.87	7,132.87
Payable to Student Groups		\$ 22,237.21		22,237.21
Total Liabilities	-	\$ 22,237.21	\$ 40,960.82	63,198.03
NET ASSETS:				
Held in Trust for Unemployment Claims and Other Purposes	\$ 3,986.93			\$ 3,986.93

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	Unemployment Compensation <u>Trust</u>
ADDITIONS:	
Payroll Deductions	\$ 41,340.18
Investment Earnings:	
Interest	49.09
Total Additions	41,389.27
DEDUCTIONS:	
Unemployment Compensation Insurance Claims	46,247.39
Change in Net Assets	(4,858.12)
Net Assets -- July 1	8,845.05
Net Assets -- June 30	\$ 3,986.93

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity - The Borough of Somerdale School District (hereafter referred to as the "School District") is a Type II district located in the County of Camden, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the School District is to educate students in grades Pre K through eight at the school district's one school. The School District has an approximate enrollment at June 30, 2012 of 525.

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

Component Units - GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The School District has no component units.

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Presentation (Cont'd)**

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

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

General Fund - The general fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes, and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to, or remodeling of buildings, and the purchase of built-in equipment.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Financial Statements (Cont'd)****Governmental Funds (Cont'd)**

General Fund (Cont'd) - In addition to the capital outlay sub-fund, the School District is accountable for an additional sub-fund, the Education Jobs Fund ("Ed Jobs"), resulting from federal legislation signed into law on August 10, 2010. The Ed Jobs program was created to provide funding assistance to states in order to save or create education jobs for the 2010-2011 school year, through September 30, 2012. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education. Ed Jobs revenues and expenditures are recorded in the general fund (fund 18) on a reimbursement basis. As such, revenue is not included in the fiscal year surplus, and no portion of general fund balance at June 30, 2012 is considered to be attributable to Ed Jobs. Ed Jobs expenditures at June 30, 2012 are included as a component of overall general fund expenditures, and also are included in total general fund expenditures for purposes of the excess surplus calculation.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes, or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those found in the private sector.

Enterprise Funds - The enterprise funds are used to account for operations

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

The School District's enterprise funds are:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Fund Financial Statements (Cont'd)**

Proprietary Funds (Cont'd) - Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Pension trust funds are used to account for resources held in trust for employees and their beneficiaries based on defined benefit pension agreements, defined contribution agreements, other postemployment benefit agreements, and other employee benefit arrangements. Investment trust funds are used to report the external portion of an investment pool as defined in GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Private-purpose trust funds are used to account for the principal and income for all other trust arrangements that benefit individuals, private organizations, or other governments. Agency funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The School District has three fiduciary funds, an unemployment compensation trust fund, a student activity fund, and payroll fund.

Measurement Focus

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

For fund financial statements, all governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds, like the government-wide financial statements, use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and the presentation of expenses versus expenditures.

Recognition of Revenue - Revenue resulting from exchange transactions, which are defined as transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. For the governmental fund financial statements, which are prepared on the modified accrual basis, however, such revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days after fiscal year end.

Revenue resulting from non-exchange transactions, which are defined as transactions in which the School District receives value without directly giving equal value in return, includes Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (property) taxes are susceptible to accrual. As under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. Restricted formula aids, which includes Preschool Education Aid, are recorded in the special revenue fund in accordance with *The Audit Program* promulgated by the New Jersey Department of Education, which requires that these grants be realized in an amount equal to program expenditures.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: tuition, grants, fees, and rentals.

Expenses / Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund financial statements is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets / Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.2(f)1. Transfers of appropriations may be made by school board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the 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 budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3 includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting, as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule, to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances - governmental funds. Note that the School District does not report encumbrances outstanding at fiscal year end as expenditures in the general fund since the general fund budget follows the modified accrual basis of accounting, with the exception of the revenue recognition policy for the one or more June state aid payments.

Encumbrances - Under encumbrance accounting, purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance at fiscal year end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, are reflected on the balance sheet as deferred revenues at fiscal year end.

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents and Investments (Cont'd) - N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Tuition Receivable - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2012 and 2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

Inventories - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in the governmental fund financial statements is recorded as expenditures when purchased rather than when consumed.

Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenses when consumed rather than when purchased.

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

In the governmental fund financial statements, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Deferred Expenditures - Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure / expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring costs of operations.

Short-Term Interfund Receivables / Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District, and that are due within one year. These amounts are eliminated in the government-wide financial statements, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and / or interfunds payable on the statement of net assets.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets (Cont'd) - All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000.00. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	N/A
Furniture and Equipment	5-20 Years	12 Years
Vehicles	5-10 Years	4-6 Years

Accrued Salaries and Wages - Certain School District employees who provide services to the School District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2012, the amounts earned by these employees were disbursed to the employees' own individual accounts.

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In the proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

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

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner, and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

It is the School District's policy to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance - The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position, approved by the Board of Education.

Unassigned - The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program. Non-operating revenues principally consist of federal and state funding and interest income earned on various interest-bearing accounts.

Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

Interfund Activity - Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues / expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures / expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, athletic and student activity funds, or funds that may pass to the School District relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below.

As of June 30, 2012, the School District's bank balances of \$962,065.37 were exposed to custodial credit risk as follows:

Insured by FDIC	\$ 250,000.00
Collateralized by securities held by the pledging financial institution's trust department or agent but not in the depositor- government's name	<u>712,065.37</u>
Total	<u>\$ 962,065.37</u>

Note 3: ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2012 consisted of intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds.

Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Intergovernmental	<u>\$ 26,411.01</u>	<u>\$ 129,229.20</u>	<u>\$ 105,412.20</u>	<u>\$ 3,780.60</u>	<u>\$ 264,833.01</u>

Note 4: INVENTORY

Inventory in the food service fund at June 30, 2012 consisted of the following:

Food	\$ 3,055.49
Supplies	<u>2,546.25</u>
	<u>\$ 5,601.74</u>

Note 5: CAPITAL ASSETS

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

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 38,163.00			\$ 38,163.00
Construction in Progress	115,057.70		\$ (115,057.70)	
Total Capital Assets not being Depreciated	<u>153,220.70</u>	<u>\$ -</u>	<u>(115,057.70)</u>	<u>38,163.00</u>
Capital Assets, being Depreciated:				
Land Improvements	54,490.00			54,490.00
Building and Improvements	6,086,417.54	115,057.70		6,201,475.24
Equipment	391,511.57	21,997.00		413,508.57
Total Capital Assets, being Depreciated	<u>6,532,419.11</u>	<u>137,054.70</u>		<u>6,669,473.81</u>
Less Accumulated Depreciation for:				
Land Improvements	(54,488.75)	(1.25)		(54,490.00)
Building and Improvements	(1,840,690.88)	(140,848.75)		(1,981,539.63)
Equipment	(288,963.37)	(22,981.87)		(311,945.24)
Total Accumulated Depreciation	<u>(2,184,143.00)</u>	<u>(163,831.87) *</u>	<u>-</u>	<u>(2,347,974.87)</u>
Total Capital Assets, being Depreciated, Net	<u>4,348,276.11</u>	<u>(26,777.17)</u>	<u>-</u>	<u>4,321,498.94</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,501,496.81</u>	<u>\$ (26,777.17)</u>	<u>\$ (115,057.70)</u>	<u>\$ 4,359,661.94</u>
Business-Type Activities:				
Total Capital Assets, being Depreciated:				
Equipment	\$ 110,742.00	\$ 20,457.90		\$ 131,199.90
Less Accumulated Depreciation	(93,271.46)	(3,545.14)		(96,816.60)
Total Business-Type Activities Capital Assets, Net	<u>\$ 17,470.54</u>	<u>\$ 16,912.76</u>	<u>\$ -</u>	<u>\$ 34,383.30</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 7,728.24
Other Instruction	
General and Business Administrative Services	3,864.66
Plant Operations and Maintenance	<u>152,238.97</u>
Total Depreciation Expense	<u>\$ 163,831.87</u>

Note 6: LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2012, the following changes occurred in long-term obligations:

	<u>Principal Outstanding July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 2012</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 2,050,000.00		\$ (255,000.00)	\$ 1,795,000.00	\$ 255,000.00
Compensated Absences	372,278.98		(115,854.20)	256,424.78	194,046.44
Governmental Activity Long-term Liabilities	<u>\$ 2,422,278.98</u>	<u>\$ -</u>	<u>\$ (370,854.20)</u>	<u>\$ 2,051,424.78</u>	<u>\$ 449,046.44</u>

Bonds Payable - Bonds and loans are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the School District are general obligation bonds.

On February 1, 1999, the School District issued \$4,288,000.00 general obligation bonds at an interest rate of 4.7% for various construction and renovation projects. In May 2009, the District refunded the remaining 1999 bonds by issuing Series 2009 refunding bonds totaling \$2,565,000.00. The final maturity of these bonds is May 1, 2019. The bonds will be paid from property taxes.

Principal and interest due on bonds outstanding is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 255,000.00	\$ 66,618.76	\$ 321,618.76
2014	260,000.00	57,056.26	317,056.26
2015	260,000.00	47,306.26	307,306.26
2016	255,000.00	39,506.26	294,506.26
2017	260,000.00	31,537.50	291,537.50
2018	260,000.00	21,137.50	281,137.50
2019	245,000.00	10,412.50	255,412.50
	<u>\$ 1,795,000.00</u>	<u>\$ 273,575.04</u>	<u>\$ 2,068,575.04</u>

Bonds Authorized but not Issued - As of June 30, 2012, the School District had no authorizations to issue additional bonded debt.

Compensated Absences - Compensated absences will be paid from the fund from which the employees' salaries are paid.

Note 7: OPERATING LEASES

At June 30, 2012, the School District had operating lease agreements in effect for digital copiers. The future minimum rental payments under the operating lease agreements are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2013	\$ 17,342.40
2014	17,342.40
2015	17,342.40
2016	<u>17,342.40</u>
	<u>\$ 69,369.60</u>

Rental payments under operating leases for the fiscal year ended June 30, 2012 were \$17,342.40.

Note 8: PENSION PLANS

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' Retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, district employees may participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295

Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund (TPAF) is a cost-sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66. The TPAF provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members are determined by State statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the district has been required over several preceding fiscal years.

Note 8: PENSION PLANS (CONT'D)

Public Employees' Retirement System - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2008, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2008, the increase is effective with the payroll period that begins immediately after July 1, 2008. Pursuant to the provisions of Chapter 78, P.L. 2011, effective October 1, 2011, the active member contribution rate was increased to 6.5%. An additional 1.0% increase will be phased-in over seven years beginning on July 1, 2012. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist.

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

Public Employees Retirement System

<u>Fiscal Year</u>	<u>Normal Contribution</u>	<u>Accrued Liability</u>	<u>Non-Contributory Group Life Insurance</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2012	\$ 13,363.00	\$ 26,725.00	\$ 2,554.00	\$ 42,642.00	\$ 42,642.00
2011	16,882.00	26,900.00	3,325.00	47,107.00	47,107.00
2010	21,676.00	27,852.00	6,868.00	56,396.00	56,396.00

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District had no employees enrolled in this plan for the year ending June 30, 2012.

Note 9: POST-RETIREMENT BENEFITS

P.L. 1987, c.384 of P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of postemployment medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of postemployment medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for postemployment medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums 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 retire from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

Note 10: ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2012, the School District has recognized as revenues and expenditures on-behalf payments made by the State for normal costs and post-retirement costs related to TPAF. The amounts recognized as revenues and expenditures for normal costs and post-retirement costs were \$97,083.00 and \$195,162.00, respectively.

Note 11: RISK MANAGEMENT

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

Property and Liability Insurance - The School District maintains insurance coverage for property, liability, and surety bonds through New Jersey School Boards Association Insurance Group. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The School District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School 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 School District is billed quarterly for amounts due to the State.

The following is a summary of School District contributions, reimbursements to the State for benefits paid and the ending balance of the School District's expendable trust fund for the current and previous two fiscal years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest</u> <u>Earnings</u>	<u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2012	\$ 49.09	\$ 41,340.18	\$ 46,247.39	\$ 3,986.93
2011	7.71	100,732.34	93,728.68	8,845.05
2010	7.23	42,721.65	42,925.22	1,833.68

Note 11: RISK MANAGEMENT (CONT'D)

Joint Insurance Pool - The School District is a member of the New Jersey School Boards Association Insurance Group. The Group provides its members with the following coverage:

Workers' Compensation and Employer's Liability
 Liability other than Motor Vehicles
 Property Damage other than Motor Vehicles
 Motor Vehicles Liability
 School Board Legal Liability
 Boiler & Machinery
 Umbrella Liability

Contributions to the Group, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Group's actuary. The Commissioner of Insurance may order additional assessments to supplement the Group's claim, loss retention, or administrative accounts to assure the payment of the Group's obligations.

The Group provides the School District with the following coverage:

Workers' Compensation and Employer's Liability
 Liability other than Motor Vehicles
 Property Damage other than Motor Vehicles
 Motor Vehicles
 Crime and Bonds
 Student Accident

The Group publishes its own financial report for the fiscal year ended June 30, 2012, which can be obtained from:

New Jersey School Boards Association Insurance Group
 450 Veterans Drive
 Burlington, New Jersey 08016

Note 12: DEFERRED COMPENSATION

The School District offers its employees a choice of three deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. The plan administrators are as follows:

The Equitable
 Thomas Seely Agency
 Lincoln Investment Planning

Note 13: COMPENSATED ABSENCES

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

School District employees who are employed for ten months are entitled to ten paid sick leave days per fiscal school year. School District employees who are employed for twelve months are entitled to twelve paid sick leave days per fiscal school year. Unused sick leave may be accumulated and carried forward to the subsequent years. School District employees are entitled to three or four personal days which may be carried forward to subsequent years as sick days. Vacation days not used during the year may not be accumulated and carried forward. Benefits paid in any future year will be calculated according to formulas outlined in the School Districts' agreements with the various employee unions and included in the current years' budget.

The liability for vested compensated absences is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, the liability for compensated absences in the governmental activities and proprietary fund types was \$256,424.78.

Note 14: INTERFUND BALANCES AND TRANSFERS

The following interfund balances were recorded on the various balance sheets as June 30, 2012:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 22,932.87	
Proprietary		\$ 15,800.00
Fiduciary		7,132.87
	<u>\$ 22,932.87</u>	<u>\$ 22,932.87</u>

The interfund receivable and payables are the result of interest earned in the fiduciary fund that was not transferred to the general fund and an excess transfer from the general fund to the proprietary fund. The District expects to liquidate the interfunds during the 2012-13 school year, depending upon the availability of cash flow.

Note 15: FUND BALANCES**RESTRICTED**

As stated in note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District's fund balance are summarized as follows:

General Fund -

For Excess Surplus - In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of 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 balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$94,605.67. Additionally, \$250,847.76 of excess fund balance generated during 2010-2011 has been restricted and designated for utilization in the 2012-2013 budget.

Capital Projects Fund - On July 26, 2010, the School District was awarded a State grant in the amount of \$175,687.00 for storm water and mechanical system improvements. Additionally, the District contributed \$140,000.00 for a local portion of the project. As of June 30, 2012, the restricted fund balance amount was \$200,629.25.

Debt Service Fund - As of June 30, 2012, \$1.33 of general fund balance was restricted.

ASSIGNED

As stated in note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund -

For Subsequent Year's Expenditures - The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2013, \$63,530.24 of general fund balance at June 30, 2012.

Other Purposes - As of June 30, 2012, the School District had \$178,874.43 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

UNASSIGNED

As stated in note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund - As of June 30, 2012, the District had \$15,668.20 of unassigned fund balance.

Note 16: LITIGATION

The School District is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the School District, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,369,726.00		\$ 3,369,726.00	\$ 3,369,726.02	\$ 0.02
Tuition				23,938.00	23,938.00
Unrestricted Miscellaneous Revenues	4,000.00		4,000.00	18,340.32	14,340.32
Total - Local Sources	<u>3,373,726.00</u>	<u>\$ -</u>	<u>3,373,726.00</u>	<u>3,412,004.34</u>	<u>38,278.34</u>
Federal Sources:					
Education Jobs Fund	91,465.00	2,865.00	94,330.00	94,330.00	-
State Sources:					
Equalization Aid	2,282,347.00		2,282,347.00	2,345,877.00	63,530.00
Special Education Aid	223,802.00		223,802.00	223,802.00	
Extraordinary Aid				15,877.00	15,877.00
Anti-Bullying Bill of Rights Act				3,074.00	3,074.00
On-behalf TPAF Pension Contributions:					
Normal Cost (non-budgeted)				97,083.00	97,083.00
Post Retirement Costs (non budgeted)				195,162.00	195,162.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				227,807.96	227,807.96
Total - State Sources	<u>2,506,149.00</u>	<u>-</u>	<u>2,506,149.00</u>	<u>3,108,682.96</u>	<u>602,533.96</u>
Total Revenues	<u>\$ 5,971,340.00</u>	<u>\$ 2,865.00</u>	<u>\$ 5,974,205.00</u>	<u>\$ 6,615,017.30</u>	<u>\$ 640,812.30</u>

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES:					
GENERAL CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Kindergarten	\$ 183,302.00	\$ (47,567.00)	\$ 135,735.00	\$ 135,734.64	\$ 0.36
Grades 1 - 5	1,151,754.00	32,939.42	1,184,693.42	1,184,691.49	1.93
Grades 6 - 8	440,427.00	34,899.60	475,326.60	475,051.14	275.46
Regular Programs - Home Instruction:					
Salaries of Teachers	1,000.00	(1,000.00)			
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	2,000.00	6,378.00	8,378.00	8,377.02	0.98
Purchased Professional Education Services	3,000.00	(1,625.00)	1,375.00	1,375.00	
Other Purchased Services	39,608.00	(12,459.79)	27,148.21	27,147.85	0.36
General Supplies	83,140.00	131,622.66	214,762.66	109,320.29	105,442.37
Textbooks	10,000.00	146.26	10,146.26	10,145.97	0.29
Miscellaneous Expenditures		2,262.00	2,262.00	2,215.00	47.00
Total Regular Programs	<u>1,914,231.00</u>	<u>145,596.15</u>	<u>2,059,827.15</u>	<u>1,954,058.40</u>	<u>105,768.75</u>
Special Education:					
Multiple Disabilities:					
Salaries of Teachers	59,689.00	945.00	60,634.00	60,633.86	0.14
General Supplies	1,200.00	(665.72)	534.28	534.28	
Total - Multiple Disabilities	<u>60,889.00</u>	<u>279.28</u>	<u>61,168.28</u>	<u>61,168.14</u>	<u>0.14</u>
Resource Room/Center:					
Salaries of Teachers	427,525.00	(1,957.61)	425,567.39	425,566.59	0.80
General Supplies	4,000.00		4,000.00	4,000.00	
Total - Resource Room/Center	<u>431,525.00</u>	<u>(1,957.61)</u>	<u>429,567.39</u>	<u>429,566.59</u>	<u>0.80</u>

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Special Education:					
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 5,643.00	\$ (1,653.00)	\$ 3,990.00	\$ 3,990.00	
General Supplies	1,500.00	(426.99)	1,073.01	1,073.01	
Total - Preschool Disabilities - Part-Time	<u>7,143.00</u>	<u>(2,079.99)</u>	<u>5,063.01</u>	<u>5,063.01</u>	\$ -
Home Instruction					
Salaries of Teachers	1,500.00	5,754.02	7,254.02	6,247.50	1,006.52
Purchased Professional Education Services	1,500.00	(790.00)	710.00		710.00
Total - Home Instruction	<u>3,000.00</u>	<u>4,964.02</u>	<u>7,964.02</u>	<u>6,247.50</u>	<u>1,716.52</u>
Total - Special Education	<u>502,557.00</u>	<u>1,205.70</u>	<u>503,762.70</u>	<u>502,045.24</u>	<u>1,717.46</u>
Basic Skills/Remedial:					
Salaries of Teachers	36,864.00	5,455.00	42,319.00	41,237.99	1,081.01
General Supplies	1,000.00		1,000.00	763.02	236.98
Total - Basic Skills/Remedial	<u>37,864.00</u>	<u>5,455.00</u>	<u>43,319.00</u>	<u>42,001.01</u>	<u>1,317.99</u>
Bilingual Education:					
Salaries of Teachers	74,538.00	32,983.94	107,521.94	107,058.67	463.27
Other Salaries for Instruction	17,486.00		17,486.00	17,485.82	0.18
Total - Bilingual Education	<u>92,024.00</u>	<u>32,983.94</u>	<u>125,007.94</u>	<u>124,544.49</u>	<u>463.45</u>

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Other Instructional Programs					
Salaries	\$ 52,350.00	\$ (24,303.58)	\$ 28,046.42	\$ 28,046.42	
Purchased Services	1,000.00	2,400.00	3,400.00	1,489.34	\$ 1,910.66
Total - Other Instructional Programs	<u>53,350.00</u>	<u>(21,903.58)</u>	<u>31,446.42</u>	<u>29,535.76</u>	<u>1,910.66</u>
Total - Instruction	<u>2,600,026.00</u>	<u>163,337.21</u>	<u>2,763,363.21</u>	<u>2,652,184.90</u>	<u>111,178.31</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs within the State - Regular	10,000.00	3,331.69	13,331.69	13,331.69	
Tuition to CSSD & Regional Day Schools	223,675.00	(121,986.66)	101,688.34	101,508.98	179.36
Tuition to Private Schools for the Disabled Within the State		129,757.83	129,757.83	129,757.83	
Total - Instruction	<u>233,675.00</u>	<u>11,102.86</u>	<u>244,777.86</u>	<u>244,598.50</u>	<u>179.36</u>
Attendance and Social Work services:					
Salaries	15,266.00	1.00	15,267.00	15,266.44	0.56
Purchased Professional and Technical Services	6,600.00	(1,798.26)	4,801.74	4,801.74	
Other Purchased Services	3,000.00	(3,000.00)			
Total Attendance and Social Work Services	<u>24,866.00</u>	<u>(4,797.26)</u>	<u>20,068.74</u>	<u>20,068.18</u>	<u>0.56</u>
Health Services:					
Salaries	65,721.00	17,369.00	83,090.00	83,089.80	0.20
Purchased Professional and Technical Services	500.00	3,467.09	3,967.09	3,965.50	1.59
Other Purchased Services	300.00	(300.00)			
Supplies and Materials	1,200.00	535.23	1,735.23	1,713.79	21.44
Other Objects	300.00	(122.50)	177.50	177.50	
Total - Health Services	<u>68,021.00</u>	<u>20,948.82</u>	<u>88,969.82</u>	<u>88,946.59</u>	<u>23.23</u>

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Other Support Services-Students-Related Services:					
Salaries	\$ 59,241.00		\$ 59,241.00	\$ 59,240.94	\$ 0.06
Supplies and Materials	650.00	\$ (50.31)	599.69	599.69	
Total - Other Support Services-Students-Related Services	<u>59,891.00</u>	<u>(50.31)</u>	<u>59,840.69</u>	<u>59,840.63</u>	<u>0.06</u>
Other Support Services - Students - Extra Services:					
Purchased Professional Education Services	2,000.00	(1,173.00)	827.00	827.00	
Supplies and Materials	1,000.00	2,381.24	3,381.24	3,381.24	
Total Other Support Services - Students - Extra Services	<u>3,000.00</u>	<u>1,208.24</u>	<u>4,208.24</u>	<u>4,208.24</u>	<u>-</u>
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	68,505.00	1,190.00	69,695.00	69,694.92	0.08
Supplies and Materials	5,000.00	1,794.64	6,794.64	6,794.64	
Total Other Support Services - Students - Regular	<u>73,505.00</u>	<u>2,984.64</u>	<u>76,489.64</u>	<u>76,489.56</u>	<u>0.08</u>
Other Support Services - Students - Child Study Teams:					
Salaries of Other Professional Staff	191,701.00	(2,997.71)	188,703.29	188,703.29	
Salaries of Secretarial and Clerical Assistants	39,066.00	(0.22)	39,065.78	39,065.78	
Purchased Professional - Educational Services	1,850.00	122.80	1,972.80	1,972.80	
Supplies and Materials	1,000.00	3,107.76	4,107.76	4,107.76	
Total Other Support Services - Students - Special Services	<u>233,617.00</u>	<u>232.63</u>	<u>233,849.63</u>	<u>233,849.63</u>	<u>-</u>
Improvement Instructional Services:					
Salaries of Supervisors of Instruction	75,000.00	(38,631.48)	36,368.52	36,368.52	
Supplies and Materials	300.00		300.00	285.00	15.00
Total Improvement Instructional Services	<u>75,300.00</u>	<u>(38,631.48)</u>	<u>36,668.52</u>	<u>36,653.52</u>	<u>15.00</u>

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Educational Media Services/School Library:					
Salaries	\$ 30,000.00	\$ 407.40	\$ 30,407.40	\$ 30,407.36	\$ 0.04
Other Purchased Services	3,300.00	112.22	3,412.22	3,412.22	
Total Educational Media Services/School Library	<u>33,300.00</u>	<u>519.62</u>	<u>33,819.62</u>	<u>33,819.58</u>	<u>0.04</u>
Instructional Staff Training Services:					
Other Purchased Services	3,000.00	261.87	3,261.87	3,261.87	-
Total Instructional Staff Training Services	<u>3,000.00</u>	<u>261.87</u>	<u>3,261.87</u>	<u>3,261.87</u>	<u>-</u>
Support Services General Administration:					
Salaries	182,606.00	(6,336.10)	176,269.90	176,269.90	
Legal Services	18,990.00		18,990.00	17,893.00	1,097.00
Audit Fees	26,500.00		26,500.00	25,000.00	1,500.00
Other Purchased Professional Services	18,500.00	(11,000.00)	7,500.00	6,832.85	667.15
Purchased Technical Services	10,548.00		10,548.00	10,548.00	
Communications/Telephone	22,816.00	2,500.00	25,316.00	25,246.12	69.88
Board of Education - Other Purchased Services	2,500.00		2,500.00		2,500.00
Misc. Other Purchased Services	26,700.00	(6,684.35)	20,015.65	19,881.66	133.99
General Supplies	6,000.00	(4,221.84)	1,778.16	1,778.16	
BOE In-House Training/Meeting Supplies	500.00		500.00	186.00	314.00
Miscellaneous Expenditures	4,200.00	(2,825.00)	1,375.00	1,375.00	
BOE Membership Dues and Fees	7,200.00	3,307.90	10,507.90	9,173.36	1,334.54
Total Support Services General Administration	<u>327,060.00</u>	<u>(25,259.39)</u>	<u>301,800.61</u>	<u>294,184.05</u>	<u>7,616.56</u>

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Support Services School Administration:					
Salaries of Principals/Assistant Principals	\$ 7,400.00	\$ (7,400.00)			
Salaries of Secretarial and Clerical Assistants	40,352.00	(0.20)	\$ 40,351.80	\$ 40,351.78	\$ 0.02
Supplies and Materials	3,000.00		3,000.00	2,983.00	17.00
Other Objects	3,000.00	(1,000.00)	2,000.00	20.00	1,980.00
Total Support Services School Administration	<u>53,752.00</u>	<u>(8,400.20)</u>	<u>45,351.80</u>	<u>43,354.78</u>	<u>1,997.02</u>
Central Services					
Salaries	126,600.00		126,600.00	124,351.85	2,248.15
Purchased Professional Services	10,000.00	(620.33)	9,379.67	8,420.18	959.49
Misc. Purchased Services	3,050.00	(2,100.00)	950.00	950.00	
Supplies and Materials	4,500.00	165.78	4,665.78	4,665.78	
Miscellaneous Expenditures	2,500.00	850.44	3,350.44	3,350.44	
Total Central Services	<u>146,650.00</u>	<u>(1,704.11)</u>	<u>144,945.89</u>	<u>141,738.25</u>	<u>3,207.64</u>
Administrative Information Technology					
Purchased Technical Services	47,859.00	(7,474.83)	40,384.17	38,413.30	1,970.87
Supplies and Materials	5,000.00	25,651.08	30,651.08	13,126.08	17,525.00
Total Administrative Information Technology	<u>52,859.00</u>	<u>18,176.25</u>	<u>71,035.25</u>	<u>51,539.38</u>	<u>19,495.87</u>
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	17,000.00	913.73	17,913.73	17,890.24	23.49
General Supplies	16,200.00	7,340.33	23,540.33	22,860.59	679.74
Total - Required Maintenance for School Facilities	<u>33,200.00</u>	<u>8,254.06</u>	<u>41,454.06</u>	<u>40,750.83</u>	<u>703.23</u>

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
Custodial Services					
Salaries	\$ 289,833.00	\$ 409.00	\$ 290,242.00	\$ 290,241.34	\$ 0.66
Cleaning, Repair & Maintenance Services	45,800.00	(25,920.77)	19,879.23	18,119.99	1,759.24
Other Purchased Property Services	11,500.00		11,500.00	11,377.75	122.25
Insurance	28,000.00		28,000.00	28,000.00	
General Supplies	70,913.00	13,918.16	84,831.16	80,264.45	4,566.71
Energy (Heat & Electricity)	155,000.00	(43,142.22)	111,857.78	103,092.83	8,764.95
Other Objects	1,500.00	(1,334.00)	166.00	166.00	
Total - Operations & Maintenance of Plant	602,546.00	(56,069.83)	546,476.17	531,262.36	15,213.81
Student Transportation Services:					
Management Fee - Transportation Programs	3,600.00		3,600.00	2,337.60	1,262.40
Contracted Services - Aid in Lieu of Payment for Charter School		1,768.00	1,768.00	1,768.00	
Contracted Services (Other than between Home & School) - Vendor	10,000.00	(262.00)	9,738.00	5,578.00	4,160.00
Contracted Services (Special Ed. Students) - ESC's & CTSA's	98,000.00	10,000.00	108,000.00	104,980.07	3,019.93
Total Student Transportation Services	111,600.00	11,506.00	123,106.00	114,663.67	8,442.33
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	80,000.00	1,510.00	81,510.00	81,508.83	1.17
Other Retirement Contributions - PERS	62,000.00	(18,855.61)	43,144.39	42,642.00	502.39
Other Retirement Contributions - Regular		5,100.00	5,100.00	5,061.84	38.16
Unemployment Compensation	120,000.00	(82,990.04)	37,009.96	34,729.10	2,280.86
Workers Compensation	60,000.00	(22,476.61)	37,523.39	34,525.99	2,997.40
Health Benefits	985,745.00	(16,273.83)	969,471.17	969,471.17	
Tuition Reimbursement	13,500.00	(2,000.00)	11,500.00	4,982.28	6,517.72
Other Employee Benefits	95,910.00	(18,634.52)	77,275.48	75,925.48	1,350.00
Total Unallocated Benefits - Employee Benefits	1,417,155.00	(154,620.61)	1,262,534.39	1,248,846.69	13,687.70

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Undistributed Expenditures (Cont'd):					
On-behalf TPAF Pension Contributions (non-budgeted)	\$ -	\$ -	\$ -	\$ 292,245.00	\$ (292,245.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)	-	-	-	227,807.96	(227,807.96)
Total Undistributed Expenses	3,552,997.00	(214,338.20)	3,338,658.80	3,788,129.27	(449,470.47)
Total Expenditures - Current Expense	6,153,023.00	(51,000.99)	6,102,022.01	6,440,314.17	(338,292.16)
CAPITAL OUTLAY					
Equipment					
Administrative General Equipment	-	53,811.99	53,811.99	4,096.99	49,715.00
Total Equipment	-	53,811.99	53,811.99	4,096.99	49,715.00
Facilities Acquisition					
Other Objects	2,162.00	-	2,162.00	2,162.00	-
Total Capital Outlay	2,162.00	53,811.99	55,973.99	6,258.99	49,715.00
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	11,000.00	4,929.00	15,929.00	15,929.00	
Other Salaries for Instruction	2,000.00	(680.00)	1,320.00	918.00	402.00
General Supplies	250.00		250.00		250.00
Total Summer School - Instruction	13,250.00	4,249.00	17,499.00	16,847.00	652.00
Total Summer School	13,250.00	4,249.00	17,499.00	16,847.00	652.00

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative) Final to Actual</u>
EXPENDITURES (CONT'D):					
GENERAL CURRENT EXPENSE (CONT'D):					
Total Expenditures	\$ 6,168,435.00	\$ 7,060.00	\$ 6,175,495.00	\$ 6,463,420.16	\$ (287,925.16)
Calculation of Deficiency of Revenues Under Expenditures:					
Excess (Deficiency) of Revenues Over (Under) Expenditures	(197,095.00)	(4,195.00)	(201,290.00)	151,597.14	352,887.14
Fund Balances, July 1	<u>702,137.76</u>	<u>-</u>	<u>702,137.76</u>	<u>702,137.76</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 505,042.76</u>	<u>\$ (4,195.00)</u>	<u>\$ 500,847.76</u>	<u>\$ 853,734.90</u>	<u>\$ 352,887.14</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Reserve for Excess Surplus (2011-12)				\$ 94,605.47	
Reserve for Excess Surplus (2010-11) - Designated for Subsequent Year's Expenditures				250,847.76	
Assigned Fund Balance:					
Year End Encumbrances			\$ 178,874.43		
Designated for Subsequent Year's Expenditure			<u>63,530.24</u>		
Unassigned Fund Balance				<u>242,404.67</u>	
				<u>265,877.00</u>	
				853,734.90	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(250,208.80)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 603,526.10</u>	

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule - Education Jobs Fund
 General Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Adopted Budget</u>	<u>Transfers/ Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Federal Sources:					
Education Jobs Fund	\$91,465.00	\$ 2,865.00	\$ 94,330.00	\$ 94,330.00	\$ -
EXPENDITURES:					
General Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers - Grades 1 - 5	48,163.00		48,163.00	48,163.00	
Health Services:					
Salaries	17,934.00	2,865.00	20,799.00	20,799.00	
Unallocated Benefits - Employee Benefits:					
Health Benefits	25,368.00		25,368.00	25,368.00	
	<u>91,465.00</u>	<u>2,865.00</u>	<u>94,330.00</u>	<u>94,330.00</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Required Supplementary Information
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Adjustments/ Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
State Sources:					
Preschool Education Aid	\$ 114,312.00	\$ 42,205.70	\$ 156,517.70	\$ 153,184.86	\$ (3,332.84)
Total - State Sources	<u>114,312.00</u>	<u>42,205.70</u>	<u>156,517.70</u>	<u>153,184.86</u>	<u>(3,332.84)</u>
Federal Sources:					
Title I	101,600.00	28,173.64	129,773.64	108,716.48	(21,057.16)
Title IIA	15,642.00	14,643.00	30,285.00	16,862.04	(13,422.96)
Title IID		971.00	971.00	827.76	(143.24)
Title III		6,510.00	6,510.00	1,005.81	(5,504.19)
I.D.E.A. - Part B Basic	110,500.00	44,825.00	155,325.00	152,611.00	(2,714.00)
I.D.E.A. - Part B Preschool		4,011.00	4,011.00	2,134.89	(1,876.11)
Total - Federal Sources	<u>227,742.00</u>	<u>99,133.64</u>	<u>326,875.64</u>	<u>282,157.98</u>	<u>(44,717.66)</u>
Total Revenues	<u>\$ 342,054.00</u>	<u>\$ 141,339.34</u>	<u>\$ 483,393.34</u>	<u>\$ 435,342.84</u>	<u>\$ (48,050.50)</u>
EXPENDITURES:					
Instruction:					
Salaries	\$ 211,626.00	\$ 103,527.77	\$ 315,153.77	\$ 310,185.87	\$ 4,967.90
Other Salaries for Instruction		9,716.00	9,716.00	9,710.88	5.12
General Supplies	<u>13,144.00</u>	<u>19,384.97</u>	<u>32,528.97</u>	<u>24,984.85</u>	<u>7,544.12</u>
Total Instruction	<u>224,770.00</u>	<u>132,628.74</u>	<u>357,398.74</u>	<u>344,881.60</u>	<u>12,517.14</u>
Support Services:					
Salaries	90,541.00	(90,541.00)			
Personal Services - Employee Benefits	3,647.00	32,454.95	36,101.95	14,634.79	21,467.16
Purchased Professional - Educational Services		35,084.00	35,084.00	35,084.00	
Other Purchased Services	6,000.00	2,297.00	8,297.00	4,797.00	3,500.00
Supplies and Materials	<u>17,096.00</u>	<u>11,515.65</u>	<u>28,611.65</u>	<u>18,045.45</u>	<u>10,566.20</u>
Total Support Services	<u>117,284.00</u>	<u>(9,189.40)</u>	<u>108,094.60</u>	<u>72,561.24</u>	<u>35,533.36</u>
Capital Outlay					
Equipment	<u>-</u>	<u>17,900.00</u>	<u>17,900.00</u>	<u>17,900.00</u>	<u>-</u>
Total Expenditures	<u>342,054.00</u>	<u>141,339.34</u>	<u>483,393.34</u>	<u>435,342.84</u>	<u>48,050.50</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

Note to RSI

For the Fiscal Year Ended June 30, 2012

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

	General Fund	Special Revenue Fund
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 6,615,017.30	\$ 435,342.84
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(6,003.61)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes	241,342.90	
State aid payment recognized as revenue for budgetary purposes, not recognized for GAAP statements until the subsequent year	<u>(250,208.80)</u>	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 6,606,151.40</u>	<u>\$ 429,339.23</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 6,463,420.16	\$ 435,342.84
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		<u>(6,003.61)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 6,463,420.16</u>	<u>\$ 429,339.23</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	N.C.L.B.					Total Brought Forward E-1a
	Total	Title I	Title IIA	Title IID	Title III	
REVENUES:						
Federal Sources	\$ 282,157.98	\$ 108,716.48	\$ 16,862.04	\$ 827.76	\$ 1,005.81	\$ 154,745.89
State Sources	153,184.86					153,184.86
Total Revenues	\$ 435,342.84	\$ 108,716.48	\$ 16,862.04	\$ 827.76	\$ 1,005.81	\$ 307,930.75
EXPENDITURES:						
Instruction:						
Salaries	\$ 310,185.87	\$ 85,086.00			\$ 387.28	\$ 224,712.59
Other Salaries for Instruction	9,710.88					9,710.88
General Supplies	24,984.85	1,863.69	\$ 5,000.00		618.53	17,502.63
Total Instruction	344,881.60	86,949.69	5,000.00	\$ -	1,005.81	251,926.10
Support Services:						
Personal Services - Employee Benefits	14,634.79	14,634.79				
Purchased Professional - Educational Services	35,084.00					35,084.00
Other Purchased Services	4,797.00	2,132.00	2,665.00			
Supplies and Materials	18,045.45	5,000.00	9,197.04	827.76		3,020.65
Total Support Services	72,561.24	21,766.79	11,862.04	827.76	-	38,104.65
Capital Outlay						
Equipment	17,900.00	-	-	-	-	17,900.00
Total Expenditures	\$ 435,342.84	\$ 108,716.48	\$ 16,862.04	\$ 827.76	\$ 1,005.81	\$ 307,930.75

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	<u>Total Carried Forward</u>	<u>I. D. E. A. -- Part B Basic</u>	<u>I. D. E. A. -- Part B Preschool</u>	<u>Preschool Education Aid</u>
REVENUES:				
Federal Sources	\$ 154,745.89	\$ 152,611.00	\$ 2,134.89	
State Sources	<u>153,184.86</u>			<u>\$ 153,184.86</u>
Total Revenues	<u>\$ 307,930.75</u>	<u>\$ 152,611.00</u>	<u>\$ 2,134.89</u>	<u>\$ 153,184.86</u>
EXPENDITURES:				
Instruction:				
Salaries	\$ 224,712.59	\$ 113,891.77		\$ 110,820.82
Other Salaries for Instruction	9,710.88			9,710.88
General Supplies	<u>17,502.63</u>	<u>614.58</u>	<u>\$ 2,134.89</u>	<u>14,753.16</u>
Total Instruction	<u>251,926.10</u>	<u>114,506.35</u>	<u>2,134.89</u>	<u>135,284.86</u>
Support Services:				
Purchased Professional - Educational Services	35,084.00	35,084.00		
Supplies and Materials	<u>3,020.65</u>	<u>3,020.65</u>		
Total Support Services	<u>38,104.65</u>	<u>38,104.65</u>	<u>-</u>	<u>-</u>
Capital Outlay				
Equipment	<u>17,900.00</u>	<u>-</u>	<u>-</u>	<u>17,900.00</u>
Total Expenditures	<u>\$ 307,930.75</u>	<u>\$ 152,611.00</u>	<u>\$ 2,134.89</u>	<u>\$ 153,184.86</u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Special Revenue Fund
 Schedule of Preschool Education Aid
 Budgetary Basis
 For the Fiscal Year Ended June 30, 2012

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 110,821.00	\$ 110,820.82	\$ 0.18
Other Salaries for Instruction	9,716.00	9,710.88	5.12
General Supplies	<u>17,580.70</u>	<u>14,753.16</u>	<u>2,827.54</u>
	138,117.70	135,284.86	2,832.84
Support Services:			
Supplies and Materials	<u>500.00</u>	<u>-</u>	<u>500.00</u>
Capital Outlay:			
Equipment	<u>17,900.00</u>	<u>17,900.00</u>	<u>-</u>
Total Expenditures	<u><u>\$ 156,517.70</u></u>	<u><u>\$ 153,184.86</u></u>	<u><u>\$ 3,332.84</u></u>

Calculation of Budget and Carryover

Total Revised 2011-2012 Preschool Expansion Aid Allocation	\$ 114,312.00
Add: Actual Preschool Education Aid Carryover (June 30, 2011)	42,205.70
Add: Budgeted Transfer from the General Fund 2011-12	<u>-</u>
Total Preschool Education Aid Funds Available for 2010-2011 Budget	156,517.70
Less: 2011-2012 Budgeted Preschool Education Aid (Including prior year budget carryover)	<u>156,517.70</u>
Available and Unbudgeted Preschool Education Aid as of June 30, 2012	-
Add: June 30, 2012 Unexpended Preschool Education Aid	<u>3,332.84</u>
2011-2012 Carryover - Preschool Education Aid/Preschool	<u><u>\$ 3,332.84</u></u>
2011-2012 Preschool Education Aid Carryover Budgeted in 2012-2013	<u><u>\$ -</u></u>

CAPITAL PROJECTS FUND

BOROUGH OF SOMERDALE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
 Summary Statement of Project Expenditures
 For the Fiscal Year Ended June 30, 2012

<u>Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Total Expenditures</u>	<u>Unexpended Balance June 30, 2012</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Roof and Site Drainage Improvements	\$ 430,856.55	\$ 430,856.55		\$ 430,856.55	
Storm Water and Mechanical System Improvements	315,687.00	115,057.75		115,057.75	\$ 200,629.25
	<u>\$ 746,543.55</u>	<u>\$ 545,914.30</u>	<u>\$ -</u>	<u>\$ 545,914.30</u>	<u>\$ 200,629.25</u>
Designated for Subsequent Year's Expenditures					<u>\$ 200,629.25</u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2012

Revenues and Other Financing Sources	
State Sources	\$ -
Transfer from Capital Outlay	<u> </u>
Total Revenues	<u> -</u>
Expenditures and Other Financing Uses	
Construction Services	<u> -</u>
Total Expenditures	<u> -</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	
Fund Balance -- July 1	<u> 200,629.25</u>
Fund Balance -- June 30	<u><u> \$ 200,629.25</u></u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
CAPITAL PROJECTS FUND

Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
 Roof and Site Drainage Improvements
 For the Fiscal Year Ended June 30, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources	\$ 213,326.00		\$ 213,326.00	\$ 213,326.00
Transfer from Capital Reserve	100,001.00		100,001.00	100,001.00
Transfer from Capital Outlay	117,529.55		117,529.55	117,529.55
Total Revenues	430,856.55	\$ -	430,856.55	430,856.55
Expenditures and Other Financing Uses				
Construction Services	430,856.55		430,856.55	430,856.55
Total Expenditures	430,856.55	-	430,856.55	430,856.55
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -

Additional Project Information:

Project Number	4790-020-09-1001-G02
Grant Date	06/04/09
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 388,327.00
Additional Authorized Cost	\$ 42,529.55
Revised Authorized Cost	\$ 430,856.55
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100.00%
Original Target Completion Date	08/28/09
Revised Target Completion Date	06/30/11

BOROUGH OF SOMERDALE SCHOOL DISTRICT
CAPITAL PROJECTS FUND

Statement of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis
Storm Water and Mechanical System Improvements
For the Fiscal Year Ended June 30, 2012

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources	\$ 175,687.00		\$ 175,687.00	\$ 175,687.00
Transfer from Capital Outlay	140,000.00		140,000.00	140,000.00
Total Revenues	315,687.00	\$ -	315,687.00	315,687.00
Expenditures and Other Financing Uses				
Construction Services	115,057.75		115,057.75	315,687.00
Total Expenditures	115,057.75	-	115,057.75	315,687.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 200,629.25	\$ -	\$ 200,629.25	\$ -

Additional Project Information:

Project Number	4790-020-10-1001
Grant Date	07/26/10
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 315,687.00
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 315,687.00
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	36.45%
Original Target Completion Date	06/30/12
Revised Target Completion Date	06/30/13

PROPRIETARY FUNDS

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Net Assets
 As of June 30, 2012

	<u>Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 38,833.31
Accounts Receivable:	
State	95.72
Federal	3,684.88
Inventories	<u>5,601.74</u>
Total Current Assets	<u>48,215.65</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	131,199.90
Less Accumulated Depreciation	<u>(96,816.60)</u>
Total Noncurrent Assets	<u>34,383.30</u>
Total Assets	<u>82,598.95</u>
LIABILITIES:	
Current Liabilities:	
Interfund Payable - General Fund	15,800.00
Deferred Revenue	<u>1,549.29</u>
Total Liabilities	<u>17,349.29</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	34,383.30
Unrestricted	<u>30,866.36</u>
Total Net Assets	<u><u>\$ 65,249.66</u></u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Enterprise Fund
 Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets
 For the Fiscal Year Ended June 30, 2012

	<u>Food Service</u>
OPERATING REVENUES:	
Local Sources:	
Daily Sales - Reimbursable Programs:	\$ 57,450.88
Daily Sales Non-Reimbursable Programs	<u>20,517.14</u>
Total Operating Revenue	<u>77,968.02</u>
OPERATING EXPENSES:	
Salaries	95,703.79
Management Fee	11,499.60
Food	74,938.89
Supplies	5,807.55
Insurance Fee	2,739.19
Miscellaneous Fee	3,399.25
Repairs and Maintenance	2,871.38
Depreciation	<u>3,545.14</u>
Total Operating Expenses	<u>200,504.79</u>
Operating Loss	<u>(122,536.77)</u>
NONOPERATING REVENUES (EXPENSES):	
State Sources:	
State School Lunch Program	2,467.00
Federal Sources:	
National School Lunch Program	84,194.24
School Breakfast Program	12,814.62
Food Distribution Program	14,424.54
Interest Revenue	<u>801.08</u>
Total Nonoperating Revenues (Expenses)	<u>114,701.48</u>
Change in Net Assets	(7,835.29)
Net Assets - July 1	<u>73,084.95</u>
Net Assets - June 30	<u>\$ 65,249.66</u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT

Enterprise Fund

Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2012

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 77,527.49
Payments to Employees	(95,703.79)
Payments to Suppliers	<u>(89,370.06)</u>
Net Cash Used for Operating Activities	<u>(107,546.36)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
State Sources	2,505.65
Federal Sources	<u>97,927.13</u>
Net Cash Provided by Non-Capital Financing Activities	<u>100,432.78</u>
CASH FLOWS FROM CAPITAL AND RELATED INVESTING ACTIVITIES:	
Acquisition of Capital Assets	<u>(20,457.90)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Revenue	<u>801.08</u>
Net Cash Provided by Investing Activities	<u>801.08</u>
Net Decrease in Cash and Cash Equivalents	(26,770.40)
Cash and Cash Equivalents, July 1	<u>65,603.71</u>
Cash and Equivalents, June 30	<u><u>\$ 38,833.31</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	\$ (122,536.77)
Adjustments to Reconcile Operating Loss to Cash Used by Operating Activities:	
Depreciation and Net Amortization	3,545.14
Federal Commodities	14,424.54
Change in Assets and Liabilities:	
(Increase) / Decrease in Inventory	(2,799.21)
Increase/(Decrease) in Pre-Paid Lunch Receipts	<u>(180.06)</u>
Total Adjustments	<u>14,990.41</u>
Net Cash Provided (Used) in Operating Activities	<u><u>\$ (107,546.36)</u></u>

FIDUCIARY FUNDS

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Fiduciary Net Assets
 June 30, 2012

	<u>Trust Fund</u>	<u>Agency Funds</u>		<u>Totals</u>
	<u>Unemployment Compensation Insurance</u>	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS:				
Cash and Cash Equivalents	\$ 3,986.93	\$ 22,237.21	\$ 40,960.82	\$ 67,184.96
LIABILITIES:				
Payroll Deductions Payable			\$ 33,827.95	\$ 33,827.95
Interfund Payable:				
General Fund			7,132.87	7,132.87
Payable to Student Groups		\$ 22,237.21		22,237.21
Total Liabilities	-	\$ 22,237.21	\$ 40,960.82	63,198.03
NET ASSETS:				
Held in Trust for Unemployment Claims and Other Purposes	\$ 3,986.93			\$ 3,986.93

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Fiduciary Funds
 Combining Statement of Changes in Fiduciary Net Assets
 For the Fiscal Year Ended June 30, 2012

	Unemployment Compensation <u>Trust</u>
ADDITIONS:	
Contributions:	
Payroll Deductions	\$ 41,340.18
Investment Earnings:	
Interest	<u>49.09</u>
Total Additions	41,389.27
DEDUCTIONS:	
Unemployment Compensation Insurance Claims	<u>46,247.39</u>
Change in Net Assets	<u>(4,858.12)</u>
Net Assets -- July 1	<u>8,845.05</u>
Net Assets -- June 30	<u><u>\$ 3,986.93</u></u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Fiduciary Funds
 Student Activity Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2012

	<u>Balance June 30, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2012</u>
ELEMENTARY SCHOOLS:				
Park School	\$ 22,129.47	\$ 59,566.24	\$ 59,458.50	\$ 22,237.21
Total Student Activity	<u>\$ 22,129.47</u>	<u>\$ 59,566.24</u>	<u>\$ 59,458.50</u>	<u>\$ 22,237.21</u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Fiduciary Funds
 Payroll Agency Fund Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS:				
Cash and Cash Equivalents	\$ 53,575.10	\$ 4,177,402.97	\$ 4,190,017.25	\$ 40,960.82
Total Assets	<u>\$ 53,575.10</u>	<u>\$ 4,177,402.97</u>	<u>\$ 4,190,017.25</u>	<u>\$ 40,960.82</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 24,824.28	\$ 1,622,944.23	\$ 1,613,940.56	\$ 33,827.95
Interfund Accounts Payable	28,750.82	729.12	22,347.07	7,132.87
Net Payroll	<u> </u>	<u>2,553,729.62</u>	<u>2,553,729.62</u>	<u> </u>
Total Liabilities	<u>\$ 53,575.10</u>	<u>\$ 4,177,402.97</u>	<u>\$ 4,190,017.25</u>	<u>\$ 40,960.82</u>

LONG-TERM DEBT

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Statement of Serial Bonds
For the Fiscal Year Ended June 30, 2012

	Date of <u>Issue</u>	Amount of <u>Issue</u>	<u>Annual Maturities</u>		Interest <u>Rate</u>	Balance <u>June 30, 2011</u>	<u>Decreased</u>	Balance <u>June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds	05/01/09	\$ 2,565,000.00	5/1/2013	\$ 255,000.00	3.750%			
			5/1/2014	260,000.00	3.750%			
			5/1/2015	260,000.00	3.000%			
			5/1/2016	255,000.00	3.125%			
			5/1/2017	260,000.00	4.000%			
			5/1/2018	260,000.00	4.125%			
			5/1/2019	245,000.00	4.250%			
						<u>\$ 1,795,000.00</u>	Various	<u>\$ 2,050,000.00</u>

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Modifications</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 216,608.00		\$ 216,608.00	\$ 216,608.00	
State Sources:					
Debt Service Aid Type II	106,139.00		106,139.00	106,139.00	
Total Revenues	<u>322,747.00</u>	<u>\$ -</u>	<u>322,747.00</u>	<u>322,747.00</u>	<u>\$ -</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	76,182.00		76,182.00	76,181.26	0.74
Redemption of Principal	255,000.00		255,000.00	255,000.00	
Total Regular Debt Service	<u>331,182.00</u>	<u>-</u>	<u>331,182.00</u>	<u>331,181.26</u>	<u>0.74</u>
Total Expenditures	<u>331,182.00</u>	<u>-</u>	<u>331,182.00</u>	<u>331,181.26</u>	<u>0.74</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(8,435.00)	-	(8,435.00)	(8,434.26)	0.74
Fund Balance, July 1	<u>8,435.59</u>	<u>-</u>	<u>8,435.59</u>	<u>8,435.59</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 0.59</u>	<u>\$ -</u>	<u>\$ 0.59</u>	<u>\$ 1.33</u>	<u>\$ 0.74</u>

STATISTICAL SECTION

Financial Trends Information

Financial trends information is intended to assist the user in understanding and assessing how the School District's financial position has changed over time. Please refer to the following exhibits for a historical view of the School District's financial performance. Note that the Exhibits are presented for the last ten fiscal years.

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Net Assets by Component
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 2,608,524	\$ 2,501,625	\$ 2,154,681	\$ 1,706,888	\$ 1,434,483	\$ 1,372,271	\$ 984,372	\$ 590,533	\$ 223,562	\$ 873,361
Restricted	200,631	209,065	44,405	683,970	223,042	72,561	454,068	80,931	38,953	644
Unrestricted (Deficit)	336,240	76,095	53,895	(314,633)	49,024	(2,874)	(376,139)	(77,782)	(172,648)	(66,402)
Total Governmental Activities Net Assets	\$ 3,145,394	\$ 2,786,785	\$ 2,252,981	\$ 2,076,225	\$ 1,706,549	\$ 1,441,958	\$ 1,062,301	\$ 593,682	\$ 89,867	\$ 807,603
Business-type Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 34,383	\$ 17,471	\$ 18,296	\$ 21,491	\$ 24,956	\$ 36,089	\$ 44,924	\$ 56,760	\$ 66,199	
Unrestricted	30,866	55,614	44,108	34,322	24,944	22,136	14,172	2,239	(9,224)	\$ 61,762
Total Business-type Activities Net Assets	\$ 65,250	\$ 73,085	\$ 62,403	\$ 55,813	\$ 49,900	\$ 58,225	\$ 59,096	\$ 58,999	\$ 56,974	\$ 61,762
District-wide:										
Invested in Capital Assets, Net of Related Debt	\$ 2,642,908	\$ 2,519,096	\$ 2,172,977	\$ 1,728,379	\$ 1,459,438	\$ 1,408,360	\$ 1,029,295	\$ 647,293	\$ 289,761	\$ 873,361
Restricted	200,631	209,065	44,405	683,970	223,042	72,561	454,068	80,931	38,953	644
Unrestricted	367,106	131,709	98,003	(280,311)	73,968	19,262	(361,967)	(75,543)	(181,873)	(4,640)
Total District-wide Net Assets	\$ 3,210,644	\$ 2,859,870	\$ 2,315,385	\$ 2,132,038	\$ 1,756,449	\$ 1,500,183	\$ 1,121,397	\$ 652,681	\$ 146,841	\$ 869,365

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Changes in Net Assets
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 2,306,668	\$ 2,149,380	\$ 2,209,026	\$ 2,241,449	\$ 2,295,007	\$ 1,994,651	\$ 1,912,740	\$ 1,798,771	\$ 1,943,533	\$ 1,800,812
Special Education	502,045	415,538	487,014	481,132	463,536	526,519	531,891	448,760	519,883	407,217
Other Special Education	196,081	176,665	275,320	187,645	168,637	160,341	206,993	193,945	174,972	187,676
Support Services:										
Tuition	244,599	226,463	184,951	155,780	112,073	167,643	132,464	166,245	205,138	219,429
Student and Instruction Related Services	604,264	551,433	637,934	577,274	546,438	590,373	606,411	705,847	465,696	360,499
School Administrative Services	534,681	567,406	600,605	576,114	553,164	754,612	644,950	650,389	756,255	569,370
Plant Operations and Maintenance	729,049	666,386	615,571	643,094	633,182	593,941	456,077	317,097	289,488	377,929
Pupil Transportation	114,664	121,974	107,197	59,105	55,240	74,509	63,558	71,254	55,480	75,849
Unallocated Benefits	1,667,680	1,735,064	1,640,923	1,205,973	1,181,331	972,932	940,011	805,591	668,296	784,839
Reimbursed TPAF and Social Security				407,239	628,191	594,409	401,233	352,637	343,315	
Interest on Long-Term Debt	74,622.23	80,617.13	96,642	130,801	140,906	150,541	159,471	173,336	186,496	
Unallocated Amortiation of Deferred Costs	6,266.04	6,266.04	6,266	527						
Capital Outlay	2,162.00		38,154	(130,402)	114,649	(20,389)	87,473	167,407		271,325
Transfer to Charter Schools							8,965	8,328	8,714	423,951
Special Schools	16,847	19,288	11,640	17,794	12,452	15,535				
Unallocated Depreciation							105,994	113,132	115,709	
Total Governmental Activities Expenses	<u>6,999,628</u>	<u>6,716,480</u>	<u>6,911,244</u>	<u>6,553,525</u>	<u>6,904,804</u>	<u>6,575,617</u>	<u>6,258,231</u>	<u>5,972,740</u>	<u>5,732,976</u>	<u>5,478,896</u>
Business-type Activities:										
Food Service	<u>200,505</u>	<u>173,067</u>	<u>173,510</u>	<u>174,997</u>	<u>164,872</u>	<u>150,305</u>	<u>147,175</u>	<u>154,228</u>	<u>161,345</u>	<u>12,236</u>
Total Business-type Activities Expense	<u>200,505</u>	<u>173,067</u>	<u>173,510</u>	<u>174,997</u>	<u>164,872</u>	<u>150,305</u>	<u>147,175</u>	<u>154,228</u>	<u>161,345</u>	<u>12,236</u>
Total District Expenses	<u>\$ 7,200,133</u>	<u>\$ 6,889,547</u>	<u>\$ 7,084,754</u>	<u>\$ 6,728,522</u>	<u>\$ 7,069,676</u>	<u>\$ 6,725,922</u>	<u>\$ 6,405,406</u>	<u>\$ 6,126,968</u>	<u>\$ 5,894,321</u>	<u>\$ 5,491,132</u>

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Changes in Net Assets
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction: Tuition	\$ 23,938		\$ 1,730	\$ 47,696	\$ 73,843	\$ 108,563	\$ 45,489	\$ 107,648		
Operating Grants and Contributions	453,754	\$ 501,239	439,430	886,940	1,580,720	1,560,748	1,468,855	\$ 1,392,400	\$ 1,397,961	
Capital Grants and Contributions		175,687	213,326				116,130		56,086	
Total Governmental Activities Program Revenues	<u>477,692</u>	<u>676,926</u>	<u>654,486</u>	<u>934,637</u>	<u>1,654,563</u>	<u>1,669,311</u>	<u>1,630,474</u>	<u>1,500,048</u>	<u>1,454,047</u>	<u>\$ -</u>
Business-type activities:										
Charges for services										
Food Service	77,968	86,805	77,949	89,946	81,218	77,911	83,387	86,587	83,290	
Operating Grants and Contributions	113,900	96,712	95,217	83,556	72,438	63,884	58,797	66,083	68,771	
Total Business-type Activities Program Revenues	<u>191,868</u>	<u>183,517</u>	<u>173,166</u>	<u>173,503</u>	<u>153,656</u>	<u>141,795</u>	<u>142,184</u>	<u>152,669</u>	<u>152,061</u>	<u>-</u>
Total District Program Revenues	<u>\$ 669,561</u>	<u>\$ 860,443</u>	<u>\$ 827,652</u>	<u>\$ 1,108,139</u>	<u>\$ 1,808,218</u>	<u>\$ 1,811,106</u>	<u>\$ 1,772,657</u>	<u>\$ 1,652,717</u>	<u>\$ 1,606,108</u>	<u>\$ -</u>
Net (Expense)/Revenue:										
Governmental Activities	\$ (6,521,936)	\$ (6,039,555)	\$ (6,256,758)	\$ (5,976,607)	\$ (4,898,963)	\$ (5,235,493)	\$ (4,945,143)	\$ (4,758,183)	\$ (4,518,693)	\$ (5,478,896)
Business-type Activities	<u>(8,636)</u>	<u>10,451</u>	<u>(344)</u>	<u>(7)</u>	<u>(21,341)</u>	<u>(23,077)</u>	<u>(8,121)</u>	<u>5,494</u>	<u>(2,167)</u>	<u>(12,236)</u>
Total District-wide Net Expense	<u>\$ (6,530,572)</u>	<u>\$ (6,029,104)</u>	<u>\$ (6,257,102)</u>	<u>\$ (5,976,614)</u>	<u>\$ (4,920,304)</u>	<u>\$ (5,258,570)</u>	<u>\$ (4,953,265)</u>	<u>\$ (4,752,689)</u>	<u>\$ (4,520,860)</u>	<u>\$ (5,491,132)</u>

(Continued)

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Changes in Net Assets
 Last Ten Fiscal Years (Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 3,586,334	\$ 3,544,500	\$ 3,513,395	\$ 3,398,238	\$ 3,413,375	\$ 3,397,503	\$ 3,152,656	\$ 3,077,286	\$ 2,983,943	\$ 2,563,053
Federal and State Aid not restricted	3,272,797	2,974,093	2,929,141	2,495,910	2,073,279	1,881,844	1,882,393	1,882,973	1,801,406	2,974,199
Federal and State Aid restricted									984	
Miscellaneous Income	21,414	54,766	20,485	108,530	32,449	36,012	65,651	30,387	28,353	35,217
Loss on Bond Refunding				(7,000)						
Cancellation of Federal Grant Receivable			(10,223)							
Tuition									113,426	55,061
Loss on Disposal of Assets			(12,504)		(84)	(23,145)		(6,520)		
Transfers			(6,780)	(7,113)	(4,187)	(6,250)	(4,324)	(3,285)	(12,000)	
Total Governmental Activities	6,880,545	6,573,358	6,433,514	5,988,565	5,514,831	5,285,964	5,096,376	4,980,840	4,916,113	5,627,530
Business-type Activities:										
Miscellaneous Income	801	143	155	294	974	1,389	765	298	97	1,649
Loss on Disposal of Assets					(2,271)					
Cancellation of Prior Year Payables		88								
Transfers			6,780	7,113	4,187	6,250	4,324	3,285	12,000	
Total Business-type Activities	801	231	6,935	7,407	2,891	7,639	5,089	3,583	12,097	1,649
Total District-wide	\$ 6,881,346	\$ 6,573,589	\$ 6,440,449	\$ 5,995,972	\$ 5,517,722	\$ 5,293,603	\$ 5,101,465	\$ 4,984,423	\$ 4,928,210	\$ 5,629,179
Change in Net Assets:										
Governmental Activities	\$ 358,609	\$ 533,804	\$ 176,756	\$ (268,193)	\$ (461,776)	\$ 387,001	\$ (139,117)	\$ 35,697	\$ 157,929	\$ 148,634
Business-type Activities	(7,835)	10,682	6,591	7,063	2,883	(871)	(17,988)	(4,539)	17,591	(10,587)
Total District	\$ 350,774	\$ 544,485	\$ 183,347	\$ (261,130)	\$ (458,892)	\$ 386,131	\$ (157,105)	\$ 31,158	\$ 175,521	\$ 138,047

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund:										
Restricted:										
Excess Surplus	\$ 94,605	\$ 347,943						\$ 54,230	\$ 54,230	
Capital Reserve				\$ 100,001	\$ 100,001	\$ 1	\$ 1			
Assigned:										
Other Purposes	178,874.43	4,195.00	\$ 340	1,190	23,082	10,160	19,280	82,108	37,572	\$ 844
Subsequent Year's Expenditures	314,378.00	100,000.12								
Unassigned (Deficit)	<u>15,668</u>	<u>8,657</u>	<u>368,737</u>	<u>595,710</u>	<u>505,276</u>	<u>446,491</u>	<u>355,441</u>	<u>182,458</u>	<u>46,088</u>	<u>(66,402)</u>
Total General Fund	<u>\$ 603,526</u>	<u>\$ 460,795</u>	<u>\$ 369,077</u>	<u>\$ 696,901</u>	<u>\$ 628,359</u>	<u>\$ 456,652</u>	<u>\$ 374,722</u>	<u>\$ 318,796</u>	<u>\$ 137,890</u>	<u>\$ (65,558)</u>
All Other Governmental Funds:										
Restricted:										
Capital Projects Fund	\$ 200,629	\$ 200,629	\$ 35,970				\$ 249,074			
Unassigned - Debt Service Fund	1	8,436	8,435				40	\$ 999	\$ 989	
Unassigned (Deficit) - Special Revenue Fund					\$ (1,205)	\$ (20,570)	(20,570)	(20,570)	(16,237)	
Total All Other Governmental Funds	<u>\$ 200,631</u>	<u>\$ 209,065</u>	<u>\$ 44,405</u>	<u>\$ -</u>	<u>\$ (1,205)</u>	<u>\$ (20,570)</u>	<u>\$ 228,544</u>	<u>\$ (19,571)</u>	<u>\$ (15,248)</u>	<u>\$ -</u>

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Year Ended June 30,									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues:										
Tax Levy	\$ 3,586,334	\$ 3,544,500	\$ 3,513,395	\$ 3,398,238	\$ 3,413,375	\$ 3,397,503	\$ 3,152,656	\$ 3,077,286	\$ 2,983,943	\$ 2,301,478
Tuition Charges	23,938		1,730	47,696	73,843	108,563	45,489	107,648	113,426	55,061
Miscellaneous	18,340	54,766	20,485	45,343	32,449	36,012	65,651	30,387	28,353	35,217
State Sources	3,359,141	3,298,141	2,846,693	3,150,824	3,424,770	3,225,585	3,208,918	3,016,446	2,996,612	2,047,231
Federal Sources	370,484	352,878	735,204	232,026	229,228	217,007	258,459	258,927	259,825	
Total Revenue	7,358,238	7,250,284	7,117,506	6,874,128	7,173,666	6,984,669	6,731,174	6,490,694	6,382,159	4,438,987
Expenditures:										
Instruction										
Regular Instruction	2,298,940	2,119,390	2,179,036	2,211,459	2,271,307	2,071,324	1,988,675	1,882,845	2,021,929	1,106,432
Special Education Instruction	502,045	415,538	487,014	481,132	463,536	526,519	531,891	448,760	519,883	407,217
Other	196,081	176,665	275,320	187,645	168,637	160,341	206,993	193,945	174,972	151,124
School-Sponsored/Other Instructional										36,551
Unidistributed										
Tuition	244,599	226,463	184,951	155,780	112,073	167,643	132,464	166,245	205,138	219,429
Student and Instruction Related Services	604,264	551,433	637,934	576,552	536,521	587,161	599,778	702,536	465,696	360,498
School Administrative Services	530,816	562,876	588,895	566,799	549,046	751,212	642,523	650,389	785,575	124,455
Other Administrative Services										300,079
Plant Operations and Maintenance	576,810	530,736	488,202	511,531	539,868	531,892	492,060	436,689	404,334	377,929
Pupil Transportation	114,664	121,974	107,197	59,105	55,240	74,509	63,558	71,254	55,480	75,849
Unallocated Benefits	1,263,481	1,292,410	1,274,152	1,161,370	1,149,804	979,786	915,139	765,822	623,886	503,542
On-Behalf TPAF Pension Contributions				224,707	207,588	202,669	200,249	170,361		106,590
Reimbursed TPAF Social Security Contributions	520,053	411,130	416,239	182,532	420,603	391,740	200,984	182,276	343,315	174,707
Special Schools	16,847	19,288	11,640	17,794	12,452	15,535				
Capital Outlay	24,159	219,521	399,985	103,854	137,032	329,732	90,058	198,676	129,350	249,064
Debt Service	331,181	346,481	333,357	355,801	355,906	355,541	349,471	428,336	426,496	423,951
Transfer to Charter Schools							8,965	8,328	8,714	
Total Expenditures	7,223,941	6,993,906	7,383,923	6,796,061	6,979,612	7,145,604	6,422,808	6,306,462	6,164,768	4,617,417
Excess (Deficiency) of Revenues Over (Under) Expenditures	134,297	256,378	(266,417)	78,067	194,053	(160,935)	308,366	184,231	217,391	(178,431)
Other Financing Sources (Uses):										
Sale of Bonds										
Accounts Receivable/Payable Canceled			(10,223)							
Transfers In										
Transfers Out			(6,780)	(7,113)	(4,187)	(6,250)	(4,324)	(3,285)	(12,000)	
Total Other Financing Sources (Uses)	-	-	(17,003)	(7,113)	(4,187)	(6,250)	(4,324)	(3,285)	(12,000)	-
Net Change in Fund Balances	\$ 134,297	\$ 256,378	\$ (283,419)	\$ 70,953	\$ 189,866	\$ (167,185)	\$ 304,042	\$ 180,946	\$ 205,391	\$ (178,431)
Debt Service as a Percentage of Noncapital Expenditures	4.6%	5.1%	4.8%	5.3%	5.2%	5.2%	5.5%	7.0%	7.1%	9.7%

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 General Fund - Other Local Revenue by Source
 Last Ten Fiscal Years (Modified Accrual Basis of Accounting)
 Unaudited

	Fiscal Year Ended June 30,									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Interest on Investments	\$ 8,665	\$ 2,978	\$ 2,911	\$ 7,119	\$ 22,192	\$ 29,632	\$ 20,051	\$ 6,570	\$ 2,080	\$ 4,797
Transportation Refund							540			
Refund of Prior Year Expenditure	2,494	39,866	9,712			3,142	42,158			
E-Rate Revenue	3,072			1,140	1,140		1,083			
Picture Rebates	632	1,570	257	452	814	754	783	808		
Book Fines		177								
Sale of Assets										500
Insurance Premium Refunds									8,809	12,224
Student Activity Fees	1,445									
Miscellaneous Refunds				2,511	8,303	2,484		4,816	4,791	7,711
Accounts Payable								1,724	12,673	9,985
Other	2,032	10,175	7,605	34,121			1,036			
	<u>\$ 18,340</u>	<u>\$ 54,765</u>	<u>\$ 20,485</u>	<u>\$ 45,343</u>	<u>\$ 32,449</u>	<u>\$ 36,012</u>	<u>\$ 65,651</u>	<u>\$ 13,919</u>	<u>\$ 28,353</u>	<u>\$ 35,217</u>

Source: District Records

Revenue Capacity Information

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the School District's ability to generate revenues. Please refer to the following exhibits for a historical view of these factors and how they relate to the School District's ability to generate revenues.

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Year Ended Dec. 31	Vacant Land	Residential	Farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Tax-Exempt Property	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate (2)
2012	\$ 7,740,700	\$ 269,216,800		\$ 55,460,926	\$ 13,320,900	\$ 11,734,300	\$ 357,473,626	\$ 493,524	\$ 357,967,150	\$ 41,831,020	\$ 345,179,630	\$ 1.011
2011	11,652,500	268,415,200		37,583,526	13,695,100	11,861,200	343,207,526	482,451	343,689,977	41,831,020	346,388,041	1.038
2010	11,202,300	268,689,200	-	38,260,600	13,852,200	12,198,500	344,202,800	618,511	344,821,311	41,860,020	347,597,140	1.024
2009 (3)	11,899,200	268,224,800	-	39,040,800	14,238,200	12,198,500	345,601,500	520,073	346,121,573	40,635,820	330,415,433	0.999
2008	1,852,800	148,046,400	-	27,557,800	8,351,300	6,881,800	192,690,100	267,761	192,957,861	25,266,420	338,803,684	1.765
2007	1,729,600	147,447,900	-	27,490,900	8,351,300	6,881,800	191,901,500	293,365	192,194,865	16,554,400	313,463,600	1.772
2006	1,891,800	146,789,900	-	27,484,200	8,351,300	6,881,800	191,399,000	417,872	191,816,872	16,366,900	264,492,196	1.707
2005	1,923,800	146,368,900	-	27,479,600	8,881,700	6,881,800	191,535,800	402,259	191,535,800	15,651,400	263,645,525	1.623
2004	1,961,200	145,926,800	-	30,747,500	8,907,300	6,881,800	194,424,600	459,447	194,424,600	15,562,100	232,941,331	1.539
2003	2,018,600	145,703,000	-	30,801,000	8,907,300	6,881,800	194,311,700	511,390	194,311,700	15,119,100	219,306,233	1.440

(1) Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

(2) Tax rates are per \$100

(3) Reassessment

Source: Camden County Board of Taxation

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
 (Rate per \$100 of Assessed Value)
Unaudited

Year Ended Dec. 31	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	<u>Basic Rate</u>	<u>General Obligation Debt Service</u>	<u>Total Direct School Tax Rate</u>	<u>Somerdale Borough</u>	<u>Regional School</u>	<u>Camden County</u>	
2012	\$ 1.011	N/A	1.011	\$ 0.905	\$ 0.590	\$ 0.812	\$ 3.318
2011	1.038	N/A	1.038	0.875	0.621	0.740	3.274
2010	1.024	N/A	1.024	0.839	0.686	0.662	3.211
2009 (1)	0.999	N/A	0.999	0.813	0.641	0.618	3.071
2008	1.765	N/A	1.765	1.442	1.186	1.124	5.517
2007	1.772	N/A	1.772	1.293	1.235	1.147	5.447
2006	1.707	N/A	1.707	1.161	1.210	1.118	5.196
2005	1.623	N/A	1.623	1.062	1.147	0.979	4.811
2004	1.539	N/A	1.539	0.998	1.053	1.001	4.591
2003	1.440	N/A	1.440	0.986	1.072	0.962	4.460

N/A - Information not Available

Source: Municipal Tax Collector

(1) Reassessment

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Principal Property Tax Payers
 Current Year and Ten Years Ago
Unaudited

<u>Taxpayer</u>	2012			2002		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Wal-Mart	\$ 18,004,800	1	5.03%	Information is not Available		
Buchman, Myron & Tanya Toby	3,920,800	2	1.10%			
National Reality Property Owners	3,594,400	3	1.00%			
Warwick Terrace Apartments	2,464,000	4	0.69%			
Somerdale Equities LLC	2,347,400	5	0.66%			
JMK Investment Co, Inc.	2,236,600	6	0.62%			
P. Kiejdan Famly LLC	1,740,000	7	0.49%			
Rite Aid of NJ	1,559,300	8	0.44%			
WAWN, LLC	1,414,700	9	0.40%			
600 White Horse Pike, LLC	1,300,000	10	0.36%			
Total	\$ 38,582,000		10.78%	\$ -		

Source: District CAFR & Municipal Tax Assessor

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Property Tax Levies and Collections
 Last Ten Fiscal Years
Unaudited

<u>Fiscal Year Ended June 30,</u>	<u>School District Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2012	\$ 3,369,726	\$ 3,369,726	100.00%	-
2011	3,544,500	3,544,500	100.00%	-
2010	3,513,395	3,513,395	100.00%	-
2009	3,398,238	3,398,238	100.00%	-
2008	3,413,375	3,413,375	100.00%	-
2007	3,397,503	3,397,503	100.00%	-
2006	3,152,656	3,152,656	100.00%	-
2005	3,077,286	3,077,286	100.00%	-
2004	2,983,943	2,983,943	100.00%	-
2003	2,563,053	2,563,053	100.00%	-

(1) School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: District Records

Debt Capacity Information

Debt capacity information is intended to assist users in understanding and assessing the School District's debt burden and its ability to issue additional debt. Please refer to the following exhibits for a historical view of the School District's outstanding debt and its debt capacity.

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income (2)	Per Capita Personal Income (3)
	General Obligation Bonds (1)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2012	\$ 1,795,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,795,000	N/A	N/A
2011	2,050,000	-	-	-	-	-	2,050,000	N/A	\$ 398
2010	2,315,000	-	-	-	-	-	2,315,000	1.05%	455
2009	2,565,000	-	-	-	-	-	2,565,000	1.22%	504
2008	2,783,000	-	4,260.46	-	-	-	2,787,260	1.30%	545
2007	2,998,000	-	52,300	-	-	-	3,050,300	1.43%	596
2006	3,203,000	-	204,390	-	-	-	3,407,390	1.65%	664
2005	3,393,000	-	212,151	-	-	-	3,605,151	1.82%	702
2004	3,648,000	-	434,812	-	-	-	4,082,812	2.19%	792
2003	3,888,000	-	680,401	-	-	-	4,568,401	2.54%	882

N/A - Information not Available

Sources:

- (1) District Records
- (2) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (3) Per capita personal income by municipality-estimated based upon the 2000 Census published by the US Bureau of Economic Analysis

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Assessed Valuation Taxable (2)	Per Capita (3)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 1,795,000	-	\$ 1,795,000	0.50%	Unavailable
2011	2,050,000	-	2,050,000	0.60%	398
2010	2,315,000	-	2,315,000	0.67%	450
2009	2,565,000	-	2,565,000	0.74%	504
2008	2,783,000	-	2,783,000	1.44%	547
2007	2,998,000	-	2,998,000	1.56%	586
2006	3,203,000	-	3,203,000	1.67%	626
2005	3,393,000	-	3,393,000	1.74%	661
2004	3,648,000	-	3,648,000	1.87%	710
2003	3,888,000	-	3,888,000	2.00%	754

Sources:

- (1) District Records
- (2) Net Assessed Valuation provided by Abstract of Ratables, County Board of Taxation
- (3) Per Capita calculation based upon population information provided by the NJ Dept of Labor and Workforce Development

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2012

	Equalized valuation basis (1)	
	2011	\$ 345,905,590
	2010	346,978,629
	2009	<u>342,654,670</u>
	[A]	\$ 1,035,538,889
Average equalized valuation of taxable property	[A/3]	\$ 345,179,630
Debt limit (3% of average equalization value) (2)	[B]	10,355,389 (1)
Total Net Debt Applicable to Limit	[C]	<u>1,795,000</u>
Legal Debt Margin	[B-C]	<u>\$ 8,560,389</u>

	Fiscal Year Ended June 30,									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt limit	\$ 10,355,388.89	\$ 10,311,008.00	\$ 10,226,325.00	\$ 9,912,463.00	\$ 8,662,458.00	\$ 7,602,173.00	\$ 7,145,200.00	\$ 6,572,450.92	\$ 6,198,045.10	\$ 5,932,910.90
Total net debt applicable to limit (3)	<u>1,795,000.00</u>	<u>2,050,000.00</u>	<u>2,315,000.00</u>	<u>2,565,000.00</u>	<u>2,783,000.00</u>	<u>2,998,000.00</u>	<u>3,203,000.00</u>	<u>3,393,000.00</u>	<u>3,648,000.00</u>	<u>3,888,000.00</u>
Legal debt margin	<u>\$ 8,560,388.89</u>	<u>\$ 8,261,008.00</u>	<u>\$ 7,347,463.00</u>	<u>\$ 5,879,458.00</u>	<u>\$ 4,604,173.00</u>	<u>\$ 3,942,200.00</u>	<u>\$ 3,179,450.92</u>	<u>\$ 2,550,045.10</u>	<u>\$ 2,044,910.90</u>	<u>\$ 1,687,014.00</u>
Total net debt applicable to the limit as a percentage of debt limit	17.33%	19.88%	25.88%	32.13%	39.44%	44.83%	51.62%	58.86%	65.53%	70.91%

Sources:

- (1) Equalized valuation bases were provided by the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.
- (2) Limit set by NJSA 18A:24-19 for a K through 8 district.
- (3) District Records

Demographic and Economic Information

Demographic and economic information is intended (1) to assist users in understanding the socioeconomic environment within which the School District operates and (2) to provide information that facilitates comparisons of financial statement information over time and among school districts. Please refer to the following exhibits for a historical view of the demographic and economic statistics and factors prevalent in the location in which the School District operates.

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Demographic and Economic Statistics
 Last Ten Fiscal Years
Unaudited

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2011	5,147	Unavailable	Unavailable	9.9%
2010	5,150	220,008,000	42,720	10.1%
2009	5,093	210,880,758	41,406	9.6%
2008	5,091	213,781,272	41,992	6.1%
2007	5,114	205,889,640	40,260	4.6%
2006	5,120	197,995,520	38,671	4.3%
2005	5,133	186,322,767	36,299	4.7%
2004	5,137	179,563,835	34,955	4.1%
2003	5,157	174,162,204	33,772	4.3%
2002	5,177	168,423,341	32,533	4.1%

Source:

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

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Principal Non-Governmental Employers
Current Year and Ten Years Ago
Unaudited

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

INFORMATION IS NOT AVAILABLE

Operating Information

Operating information is intended to provide contextual information about the School District's operations and resources to assist readers in using financial statement information to understand and assess the School District's economic condition. Please refer to the following exhibits for a historical view of the factors and statistics pertinent to the School District's operations.

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Full-time Equivalent District Employees by Function/Program
 Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year Ended June 30,									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Instruction										
Regular	34.0	30.1	32.6	30.1	32.2	30.8	34.6	35.0	35.0	33.0
Special Education	7.6	7.5	6.5	14.0	7.0	7.0	14.0	7.0	5.0	5.0
Other	6.0	5.6	7.7	8.0	8.4	16.0	5.0	13.0	15.0	12.0
Support Services:										
Student & instruction related services	20.0	12.6	14.0	11.4	12.0	7.0	7.0	10.0	9.5	18.0
School Administrative Services	3.0	3.4	3.4	8.4	8.0	8.0	6.5	6.5	5.5	6.0
Plant Operations and Maintenance	-	-	1.0	1.3	2.0	7.4	6.1	6.5	9.0	5.0
Total	<u>70.6</u>	<u>59.2</u>	<u>65.2</u>	<u>73.1</u>	<u>69.6</u>	<u>76.2</u>	<u>73.2</u>	<u>78.0</u>	<u>79.0</u>	<u>79.0</u>

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Operating Statistics
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2012	525	\$ 6,922,844	\$ 13,186	1.15%	41.6	42	-	-	527.3	511.2	3.96%	96.94%
2011	509	6,635,863	13,037	-6.11%	37.6	17	-	-	507.2	481.8	6.94%	94.99%
2010	488	6,776,448	13,886	1.50%	40.6	19	-	-	474.3	454.8	-1.37%	95.89%
2009	479	6,553,127	13,681	0.82%	41	12	-	-	480.9	463.3	-1.01%	96.33%
2008	490	6,649,249	13,570	-1.47%	44	11	-	-	485.8	466.4	3.25%	96.01%
2007	468	6,445,465	13,772	15.47%	43	11	-	-	470.5	436.3	-6.03%	92.73%
2006	504	6,011,287	11,927	6.95%	65	8	-	-	500.7	473.5	-2.98%	94.57%
2005	505	5,631,997	11,152	1.54%	65	8	-	-	516.1	486.8	8.24%	94.32%
2004	505	5,546,480	10,983	9.25%	65	8	-	-	476.8	448.2	-3.19%	94.00%
2003	518	5,207,571	10,053	50.14%	47	11	-	-	492.5	467.3	-1.64%	94.88%

Sources: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years
Unaudited

	Fiscal Year Ended June 30,									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>District Building</u>										
<u>Elementary</u>										
Somerdale Park School										
Square Feet	82,557	82,557	82,557	82,557	82,557	82,557	82,557	82,557	82,557	82,557
Capacity (students)	485	485	485	485	485	485	485	485	457	460
Enrollment	525	509	504	479	472	472	484	505	505	518
<u>Other</u>										
Administration Building										
Square Feet	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728
Number of Schools at June 30, 2012										
Elementary = 1										
Middle School = 0										
High School = 0										
Other = 0										

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Schedule of Required Maintenance
 Last Ten Fiscal Years
Unaudited

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

<u>School Facilities</u>	<u>School # (s)</u>	<u>Fiscal Year Ended June 30,</u>									
		<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Somerdale Park School	4790	\$ 40,751	\$ 23,878	\$ 92,826	\$ 100,075	\$ 103,750	\$ 99,984	\$ 111,257	\$ 97,591	\$ 98,105	\$ 63,201
Total School Facilities		<u>\$ 40,751</u>	<u>\$ 23,878</u>	<u>\$ 92,826</u>	<u>\$ 100,075</u>	<u>\$ 103,750</u>	<u>\$ 99,984</u>	<u>\$ 111,257</u>	<u>\$ 97,591</u>	<u>\$ 98,105</u>	<u>\$ 63,201</u>

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

Source: District Records

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Insurance Schedule
June 30, 2012
Unaudited

		<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG:			
Buildings & Contents	(1) \$	14,384,800	\$ 1,000
Extra Expense - Blanket	(1)	50,000,000	1,000
General Liability	(2)	6,000,000	N/A
General Liability including Student Accident	(3)	6,000,000	N/A
Valuable Papers Blanket		10,000,000	1,000
Electronic Data Processing		150,000	1,000
Money & Securities		10,000	500
Public Employees Dishonesty		25,000	500
Equipment Breakdown		100,000,000	1,000
Environmental Package		1,000,000	10,000
Automobile Liability	(3)	6,000,000	N/A
Workers Compensation	(4)	Statutory	-
Accident Policies:			
Student Catastrophic Accident	(1)	500,000	-
Student/Volunteer Accident	(1)	1,000,000	-
School Board Legal Liability			
Legal Liability Policy	(3)	1,000,000	5,000
Equipment Breakdown - NJSBAIG			
Extra Expense		100,000,000	1,000
		10,000,000	-
Bonds			
Board Secretary		200,000	1,000

- (1) Limit each occurrence, No annual aggregate
(2) Limit each occurrence, annual unaggregated
(3) Per claim/ annual aggregate
(4) Each accident

Source: District Records

SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S 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 STATE OF NEW JERSEY CIRCULAR 04-04-OMB

The Honorable President and
Members of the Board of Education
Borough of Somerdale School District
Somerdale, New Jersey 08083

Compliance

We have audited the Borough of Somerdale School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on the School District's major state programs for the fiscal year ended June 30, 2012. The School District'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 requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and State of New Jersey Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133, and State of New Jersey Circular 04-04-OMB 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 the Borough of Somerdale School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School District's compliance with those requirements.

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

Internal Control Over Compliance

Management of the Borough of Somerdale School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the School District's internal control over compliance with the 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 State of New Jersey Circular 04-04-OMB, 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 School District's internal control over compliance.

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

Our consideration of 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.

Expenditures for federal awards were less than the single audit dollar threshold required by OMB Circular A-133 and therefore were not subject to a single audit. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Division of Administration and Finance of the New Jersey Department of Education, and is not a required part of basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements.

This report is intended solely for the information and use of the management, members of the Board of Education, others within the School District, the Division of Administration and Finance of the New Jersey Department of Education, 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.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Kirk N. Applegate
Certified Public Accountant
Public School Accountant No. 20CS00223300

Voorhees, New Jersey
October 4, 2012

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Schedule of Expenditures of Federal Awards, Schedule A
 For the Fiscal Year Ended June 30, 2012

<u>Federal Grantor/ Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Grant Period</u>	
				<u>From</u>	<u>To</u>
U.S. Department of Education Passed-through State Department of Education: Education Jobs Fund	84.410A	ARRA	\$ 94,330.00	8-10-2010	9-30-2012
U.S. Department of Agriculture Passed-through State Department of Education: Child Nutrition Cluster: Non-Cash Assistance (Food Distribution): National School Lunch Program	10.555	N/A	14,424.54	7-1-2011	6-30-2012
National School Lunch Program	10.555	N/A	15,591.70	7-1-2010	6-30-2011
Cash Assistance: School Breakfast Program	10.553	N/A	12,814.62	7-1-2011	6-30-2012
School Breakfast Program	10.553	N/A	9,629.72	7-1-2010	6-30-2011
National School Lunch Program	10.555	N/A	84,194.24	7-1-2011	6-30-2012
National School Lunch Program	10.555	N/A	72,979.96	7-1-2010	6-30-2011
Total Enterprise Fund					
U.S. Department of Education Passed-through State Department of Education: No Child Left Behind Programs: Title I	84.010A	NCLB5560-12	103,195.00	9-1-2011	8-31-2012
Title I	84.010A	NCLB5560-11	119,530.00	9-1-2010	8-31-2011
Title I	84.010A	NCLB5560-04	100,126.00	9-1-2003	8-31-2004
ARRA - Title I	84.389A	ARRA5400-10	32,194.00	9-1-2009	8-31-2011
Title II - Part A	84.367A	NCLB5560-12	14,287.00	9-1-2011	8-31-2012
Title II - Part A	84.367A	NCLB5560-11	18,162.00	9-1-2010	8-31-2011
Title II - Part A	84.367A	NCLB5560-04	17,263.00	9-1-2003	8-31-2004
Title II - Part D	84.318X	NCLB5560-11	240.00	9-1-2010	8-31-2011
Title III - Immigrant	84.365	NCLB5560-12	5,765.00	9-1-2011	8-31-2012
Title IV	84.186A	NCLB5560-10	1,734.00	9-1-2009	8-31-2010
Math Achievement to Realize Individual Excellence Prior Year	N/A	06-CC-15-B05	2,449.00	10-1-2006	9-30-2007
I.D.E.A., Part B Programs: Basic	84.027	IDEA-404001	138,725.00	9-1-2011	8-31-2012
Basic	84.027	IDEA-404001	130,076.00	9-1-2010	8-31-2011
Preschool	84.173	IDEA-404001	4,011.00	9-1-2011	8-31-2012
Preschool	84.173	IDEA-404001	3,922.00	9-1-2010	8-31-2011
Preschool	84.173	IDEA-404001	7,544.00	9-1-2004	8-31-2005
ARRA - Preschool	84.392	ARRA552010	3,977.00	9-1-2009	8-31-2011
Total Special Revenue Fund					

(A) See Note 5 to the Schedule of Expenditures of Federal Awards and State Financial Assistance.

The accompanying Notes to Financial Statements and Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

These funds were not audited in accordance with U.S. Circular A-133 since the total of all grant award expenditures was less than \$500,000.00.

Balance at June 30, 2011									
Deferred Revenue/Accounts Receivable	Due to Grantor	Carryover/Walkover Amount	Cash Received	Adjustments (A)	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2012		
							Accounts Receivable	Deferred Revenue	Due to Grantor
\$ -	\$ -	\$ -	\$ 85,070.00	\$ -	\$ 94,330.00	\$ -	\$ (9,260.00)	\$ -	\$ -
908.28			14,424.54		11,369.05			3,055.49	
(615.78)			12,368.82		12,814.62		(445.80)		
			615.78				-		
(3,987.38)			80,955.16		84,194.24		(3,239.08)		
			3,987.38						
(3,694.88)	-	-	112,351.68	-	109,286.19	-	(3,684.88)	3,055.49	-
(31,735.76)		25,131.24	70,920.00	0.40	108,716.48		(33,722.00)	21,057.16	
	15.40	(25,131.24)	56,867.00	(15.40)					
(2,300.00)							(2,300.00)		
(11,092.14)		18,162.00	10,618.00	(18,162.00)	16,862.04		(21,831.00)	15,586.96	
	565.12	(18,162.00)	13,586.00	15,668.14					
16.07				(565.12)					
		745.00	387.00	714.93	827.76		(240.00)	143.24	
(554.00)		(745.00)	554.00	(745.00)	1,005.81		(6,123.00)	5,504.19	
	174.00			745.00					
				(174.00)					
(23,493.90)		13,886.00	104,213.00	(13,886.00)	152,611.00		(48,398.00)		
		(13,886.00)	40,754.00	(3,374.10)			-		
(4,468.45)		1,173.00		(1,173.00)	2,134.89		(5,184.00)	3,049.11	
	30.28	(1,173.00)	3,705.00	1,936.45					
(1,132.00)			1,132.00	(30.28)					
(74,760.18)	784.80	-	302,736.00	(19,059.98)	282,157.98	-	(117,798.00)	45,340.66	-
\$ (78,455.06)	\$ 784.80	\$ -	\$ 500,157.68	\$ (19,059.98)	\$ 485,774.17	\$ -	\$ (130,742.88)	\$ 48,396.15	\$ -

BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Schedule of Expenditures of State Financial Assistance, Schedule B
 For the Fiscal Year Ended June 30, 2012

<u>State Grantor/ Program Title</u>	<u>Grant or State Project Number</u>	<u>Program or Award Amount</u>	<u>Local Match</u>	<u>Grant Period</u>		<u>Balance at June 30, 2011</u>	
				<u>From</u>	<u>To</u>	<u>Deferred Revenue/ Accounts Receivable</u>	<u>Due to Grantor</u>
State Department of Education (State Aid):							
General Fund:							
Equalization Aid	12-495-034-5120-078	\$ 2,345,877.00		7-1-2011	6-30-2012		
Equalization Aid	11-495-034-5120-078	2,218,816.00		7-1-2010	6-30-2011	\$ (219,230.14)	
Special Education Categorical Aid	12-495-034-5120-089	223,802.00		7-1-2011	6-30-2012		
Special Education Categorical Aid	11-495-034-5120-089	223,802.00		7-1-2010	6-30-2011	(22,112.76)	
Anti-Bullying Bill of Rights Act	N/A	3,074.00		7-1-2011	6-30-2012		
Extraordinary Special Education Costs Aid	12-100-034-5120-473	15,877.00		7-1-2011	6-30-2012		
Reimbursed T.P.A.F. Social Security Aid	12-495-034-5095-002	227,807.96		7-1-2011	6-30-2012		
Total General Fund						(241,342.90)	\$ -
Special Revenue Fund:							
Preschool Education Aid	12-495-034-5120-086	114,312.00		7-1-2011	6-30-2012		
Preschool Education Aid	11-495-034-5120-086	133,364.00		7-1-2010	6-30-2011	28,697.60	
Municipal Alliance	N/A	3,050.00		1-1-2008	12-31-2008	950.00	
Municipal Alliance	N/A	3,050.00		1-1-2007	12-31-2007	527.31	
Municipal Alliance	N/A	3,050.00		1-1-2006	12-31-2006	2,099.00	
Total Special Revenue Fund						32,273.91	-
Capital Projects Fund:							
Education Facilities & Construction Grant	4790-020-10-1001	315,687.00	\$ 140,000.00	8-30-2010	open	95,217.05	
Education Facilities & Construction Grant	4790-020-09-1001	430,856.55	217,530.55	6-4-2009	open	(42,665.20)	
Total Capital Projects Fund						52,551.85	-
Debt Service Fund:							
Debt Service Aid Type II	12-495-034-5120-075	106,139.00		7-1-2011	6-30-2012		
Total Debt Service Fund						-	-
Enterprise Fund:							
State School Lunch Program	12-100-034-5120-122	2,467.00		7-1-2011	6-30-2012		
State School Lunch Program	11-100-034-5120-122	2,293.24		7-1-2010	6-30-2011	(134.36)	
Total Enterprise Fund						(134.36)	-
Total State Financial Assistance						\$ (156,651.50)	\$ -

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

Carryover/ (Walkover) Amount	Cash Received	Local Match Provided	Budgetary Expenditures	Adjustments	Balance at June 30, 2012			Memo	
					Accounts Receivable	Deferred Revenue/	Due to Grantor	Budgetary Receivable June 30, 2012	Cumulative Total Expenditures
	\$ 2,118,048.40		\$ 2,345,877.00		\$ (227,828.60)			\$ (227,828.60)	\$ 2,345,877.00
	219,230.14								
	201,421.80		223,802.00		(22,380.20)			(22,380.20)	223,802.00
	22,112.76								
	3,074.00		3,074.00						3,074.00
			15,877.00		(15,877.00)				15,877.00
	227,133.95		227,807.96		(674.01)				
\$ -	2,791,021.05	\$ -	2,816,437.96	\$ -	(266,759.81)	\$ -	\$ -	(250,208.80)	2,588,630.00
42,205.70	102,880.80		153,184.86		(11,431.20)	3,332.84			153,184.86
(42,205.70)	13,508.10								
						950.00			
						527.31			
						2,099.00			
-	116,388.90	-	153,184.86	-	(11,431.20)	6,909.15	-	-	153,184.86
					(105,412.20)	200,629.25			115,057.75
	42,665.20								78,499.60
-	42,665.20	-	-	-	(105,412.20)	200,629.25	-	-	193,557.35
	106,139.00		106,139.00						106,139.00
-	106,139.00	-	106,139.00	-	-	-	-	-	106,139.00
	2,371.28		2,467.00		(95.72)				2,467.00
	134.36								
-	2,505.64	-	2,467.00	-	(95.72)	-	-	-	2,467.00
\$ -	\$ 3,058,719.79	\$ -	\$ 3,078,228.82	\$ -	\$ (383,698.93)	\$ 207,538.40	\$ -	\$ (250,208.80)	\$ 3,043,978.21

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2012

Note 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Borough of Somerdale School District (hereafter referred to as the "School District"). The School District is defined in note 1 to the School District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

Note 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented 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 note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile revenues from the budgetary basis to the GAAP basis is (\$8,865.90) for the general fund and (\$6,003.61) for the special revenue fund. The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$6,003.61) for the special revenue fund. See Exhibit C-3, 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.

Note 3: RELATIONSHIP TO FINANCIAL STATEMENTS (CONT'D)

Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General		\$ 3,099,817.06	\$ 3,099,817.06
Special Revenue	\$ 276,154.37	153,184.86	429,339.23
Debt Service		106,139.00	106,139.00
Food Service	111,433.40	2,467.00	113,900.40
Total Awards and Financial Assistance	<u>\$ 387,587.77</u>	<u>\$ 3,361,607.92</u>	<u>\$ 3,749,195.69</u>

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 5: ADJUSTMENTS

Amounts reported in the column entitled "adjustments" represent changes to grant allotments, both carry over amounts and receivables, based on the District's final reports to awarding agencies and the cancellation of "Due to Grantor" balances.

Note 6: OTHER

Revenues and expenditures reported under the food distribution program represent current year value received and current year distribution, respectively. TPAF social security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012.

Note 7: MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

**BOROUGH OF SOMERDALE SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2012**

Section 1- Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? ___ yes x no

Significant deficiency(ies) identified? ___ yes x none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 or New Jersey Circular 04-04-OMB? ___ yes x no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>12-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>12-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u> </u>	<u> </u>

Dollar threshold used to determine Type A programs \$300,000.00

Auditee qualified as low-risk auditee? x yes ___ no

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section 2- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section 3- Schedule of Federal 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 Federal programs, as required by OMB Circular A-133.

Not Applicable

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

Section 4- Schedule of State Financial Assistance 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 State of New Jersey Circular 04-04-OMB.

None

BOROUGH OF SOMERDALE SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with Government Auditing Standards, OMB Circular A-133 and State of New Jersey Circular 04-04-OMB.

FINANCIAL STATEMENT FINDINGS

Finding No. 2011-1

Condition

The District did not comply with, nor monitor, the controls of its revenue and expenditure subsidiary reconciliation process during the year.

Current Status

The condition has been corrected.

FEDERAL AWARDS

None

STATE FINANCIAL ASSISTANCE PROGRAMS

None

