

CLINTON-GLEN GARDNER SCHOOL
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

CLINTON-GLEN GARDNER SCHOOL BOARD OF EDUCATION

CLINTON, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Prepared by

CLINTON-GLEN GARDNER SCHOOL BOARD OF EDUCATION

DEPARTMENT OF ADMINISTRATION

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INTRODUCTORY SECTION



Clinton Public School

10 School Street
Clinton, New Jersey 08809
Main Office: 908-735-8512
Business Office: 908-735-4460
Fax: 908-735-5895

2.0

Dr. Richard Katz, *Superintendent/Principal*

rkatz@cpsnj.org

Lisa J. Craft, *Business Administrator*

lcraft@cpsnj.org

Christine Steiner, *Assistant Principal*

cmaines@cpsnj.org

Joan Muldoon, *Supervisor of Special Services*

jmuldoon@cpsnj.org

October 30, 2011

Honorable President and
Members of the Board of Education
Clinton Public School
Clinton, NJ 08809

Dear Board Members and Citizens of the District:

The Comprehensive Annual Financial Report of the Clinton-Glen Gardner School District for the fiscal year ending June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 (CAFR) is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". 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 Clinton-Glen Gardner School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The Clinton-Glen Gardner Board of Education and one school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels, preschool through grade eight. These include regular, as well as, special education programs for disabled students. The District completed the 2010-2011 fiscal year with an enrollment of 515. The following depicts district enrollment variations over the past 10 years:

Average Daily Enrollment

Fiscal Year:	Student Enrollment:	Percent Change:
2001-2002	597.0	2.40%
2002-2003	564.5	(5.76%)
2003-2004	570.4	(1.04%)
2004-2005	572.6	0.39%
2005-2006	547.4	(4.4%)
2006-2007	555.8	1.5%
2007-2008	542.2	(2.4%)
2008-2009	533.6	(8.6%)
2009-2010	521.4	(2.3%)
2010-2011	508.9	(2.4%)

2) ECONOMIC CONDITION AND OUTLOOK:

The communities of Clinton and Glen Gardner continue to be vibrant areas in Hunterdon County, New Jersey. Although the enrollment has stabilized from completed subdivisions, it appears that the Town of Clinton and Borough of Glen Gardner remain attractive to parents with school age children.

3) MAJOR INITIATIVES:

Clinton Public School has a long history of over 125 years of continuous operation. The school is located on a 9.6 acre site situated at the crest of the School Street hill just east of Leigh Street in the Town of Clinton. The current brick structure was built in September, 1923, and additions were constructed in 1963 and in 1969. A third addition in 1995 included a full size gymnasium, art and computer rooms, a modern science lab, several classrooms and offices. Another addition in 2000 accommodated the classrooms and students that had been displaced to substandard areas.

During its history, Clinton Public School has been recognized for its progressive educational programs. Offerings for children with special needs, opportunities for the gifted, a commitment to the arts, advanced technology opportunities, before school, and after school child care programs, and a world language program are but a few of the areas that have been provided for our students.

Our students have consistently scored above the State averages on standardized tests and have achieved success with their high school education.

Our staff has demonstrated their dedication to our students in numerous ways. While a majority of our staff has advanced degrees, they continue to search for innovative ways to challenge their students. **2.2**

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

2.3

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

7) DEBT ADMINISTRATION:

In June 1994, the District issued general obligation bonds in the amount of \$4,985,000 at an interest rate of 5.625%. The proceeds of this bond issue were placed in the District's debt service fund for use to provide funds for a third addition and building improvements to the District's present buildings. In 2002, the District refunded these bonds and issued \$3,335,000 in new debt at an interest rate range of 3.75-5.0%. The building renovations included installation of fire doors, a sprinkler system, three new classrooms, a health suite and a child study team office, while the addition contained four classrooms, plus computer and science rooms, a gymnasium, and a physical education office.

The most recent building project was completed in September, 2001. This project was financed from bonds totaling \$2,070,000 at an interest rate range of 4.8-4.25%, a state grant of \$1,580,000, and interest on invested principal. In January 2010, the District refunded these bonds and issued \$1,505,000 in new debt at an interest rate range of 3.0-4.0%. This project added a wing of 5 new classrooms, updated heating and air conditioning, and renovated and expanded school office areas.

8) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement", Notes 1 & 3. The District has adopted a cash management plan, which requires it to deposit funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability - \$1,000,000 per occurrence plus \$50,000 fire legal liability and \$5,000 medical expense, excess Umbrella Liability - \$10,000,000.00 Automobile Liability, School Board Liability, Property and Contents, Systems Breakdown, Workers

10) OTHER INFORMATION:

Elimination of Glen-Gardner Non-Op

On June 30, 2009, pursuant to P.L. 2007, Chapter 63, and A-4141, the State eliminated thirteen Non-Operating Districts including Glen Gardner. The Sending/Receiving Agreement between Clinton and Glen Gardner was dissolved, and the two districts were merged as one entity. A report filed on June 30, 2009 by Assistant Commissioner of Field Services, Dr. Gerald Vernotica provided the details of the merger.

Independent Audit

State Statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of William Colantano, CPA's. 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 New Jersey OMB's Circular 04-04. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Awards

In 2006, the Dodge Foundation awarded the school a \$20,000 grant to bring the acclaimed Schools Attuned program to Clinton Public School. Twenty teachers and administrators were trained in August, 2004 in how to better meet the individual needs of students.

In 1995, Clinton Public School was selected as one of ten schools in New Jersey to be recognized as a "Star School". This honor was especially rewarding, as we were the only elementary school in the State to be so honored. Schools are selected for this award as a result of "their innovative teaching approaches, a faculty engaged in research, significant student achievement and a "cutting edge" awareness of education needs of the 21st Century".

Clinton Public School was selected by the Melville Corporation in 1992 as only one of nine schools in the Northeast to "create new models of effective Education". This three-year grant has provided our school with approximately \$30,000 per year that has enabled our staff to conduct intensive research and to pilot new programs. During the 1994-1995 school year, the last of our three-year

funded initiative, we refined many of the reform movements that we have been studying and implementing during the previous years. 2.5

Technology

We at Clinton Public School believe that modern technology and telecommunication are essential resources for the classroom. We provide resources to our students and classrooms that are not normally found within the walls of a traditional school. Our board of education has made a commitment to invest in personnel, equipment and training to implement this vision.

Data-There are 4 data closets connected by fiber optics that connect our entire school network (LAN). All four data closets were upgraded in 2008 with 10/100/1000 PoE switches to increase speed and reliability of our network. A minimum of 4 network cables were run to each classroom and all offices are connected to the network. A 10Mbps fiber line permits unlimited internet access to the entire building. Our staff and students are protected from data intrusion and inappropriate content on the internet through a content filter and firewall that was upgraded in 2008. All staff has district e-mail accounts, and all internal and incoming e-mails are being archived through an e-mail archiver that was set up in 2009. All incoming e-mails are being screened for spam content via our spam filter that was set up in 2008. We have a web-based student information system that was upgraded in 2008 and 2009. Our school website was upgraded in 2007, and includes web pages for teachers, staff and the Board of Education.

In 2008, nearly all classroom computers and laptops were either upgraded or replaced with newer machines. A new imaging process was implemented in 2007 to greatly reduce mass deployment time and effort, reduce computer downtime, reduce inconsistencies between machines, and manage updates. A comprehensive technology inventory was designed in 2007 to track equipment, upgrades, software, and troubleshooting. A new network design was implemented in 2008 so that the computing experience of all teachers and students are virtually identical, regardless of the computer, and so that all files and settings are saved to a server and follow a user from computer to computer. Both mobile lab computer carts were upgraded with new computers in 2008 and the computer lab was outfitted with new computers in 2009. In 2008 and 2009, a total of 8 SMART Boards (interactive white boards) were set up as well as a SMART Cart including a touch screen, projector, and student response system.

In 2010, we used a significant portion of our ARRA stimulus funds for teacher laptops and SMART Boards. We plan to continue to increasing our number of SMART Boards toward the goal of having one in each classroom. In addition, we have installed 3 new copiers for staff use (2 black & white and 1 color). Each copier has the ability to scan in color directly to our network and act as printers for our staff.

In 2011, the Middle School implemented a new electronic grade book and report card solution that ties directly into our student information system. Also, a new network-based video security system involving three security cameras and a central video recorder was installed at the school. This recorder is expandable to add more cameras in the future and records video at all three locations for later retrieval.

Video-Monitors are installed in all classrooms. The cable signal enters the building through two trunk lines, which provides us with the ability to broadcast in house. A digital video studio enables students and staff to prepare school-wide morning news shows, informational videos regarding programs, etc.

Voice-Telephones with voice messaging and teacher mailbox capabilities are located in all classrooms enabling our staff and parents to communicate more easily. A new voicemail system was implemented in 2008 to accommodate our needs.

12) **ACKNOWLEDGEMENTS:**

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

Respectfully submitted,



Dr. Richard Katz

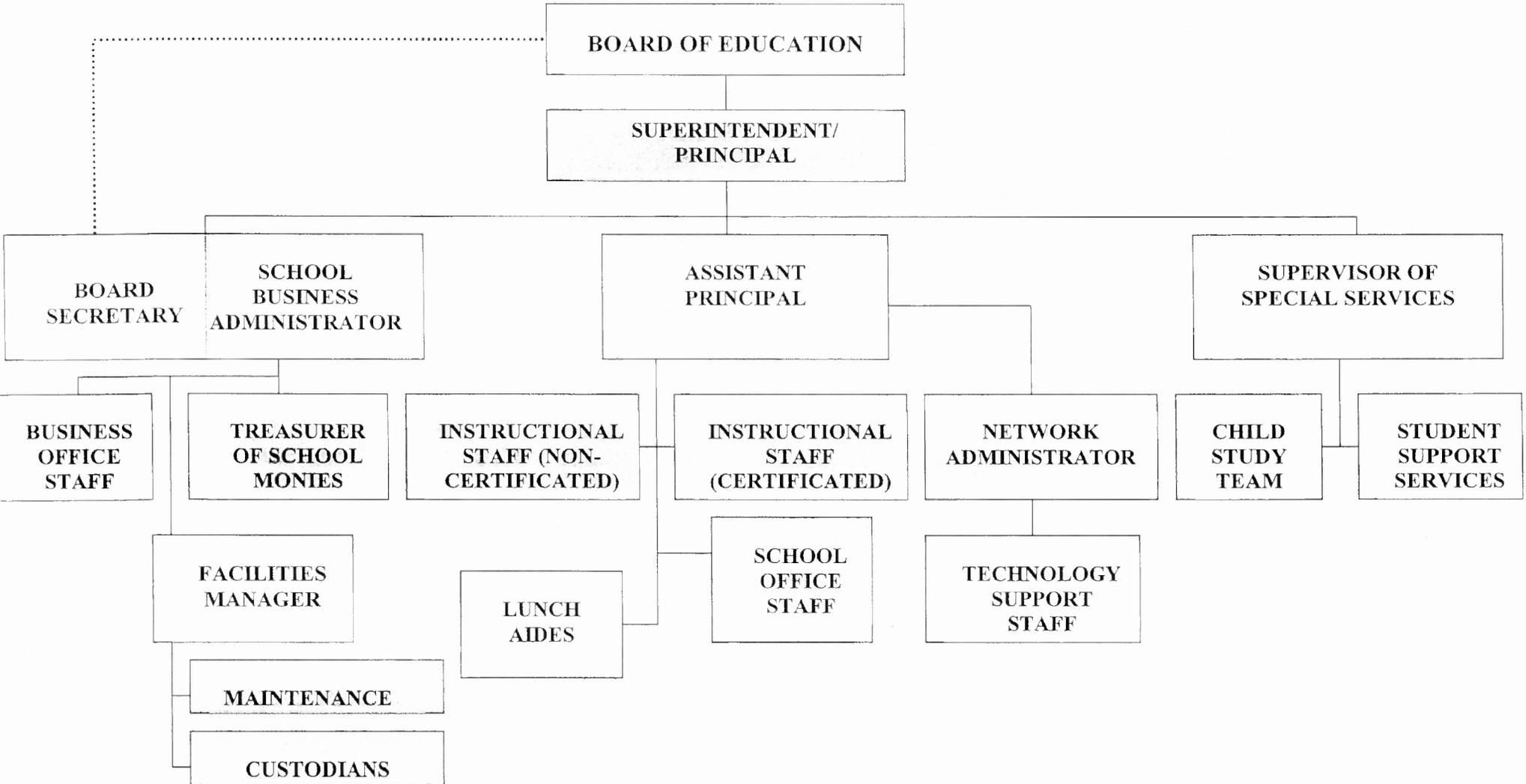
Superintendent/Principal



Lisa Craft

Business Administrator

CLINTON-GLEN GARDNER BOARD OF ED
ORGANIZATIONAL CHART



BOARD OF EDUCATION

ROSTER OF OFFICIALS JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Year Term Expires</u>	
Robert Pyle	2013	President
Cara Morris	2012	Vice President
Amanda DiRienz	2012	
Patty Cooper	2014	
Margaret Layding	2014	

OTHER OFFICIALS

Rich Katz	Superintendent/Principal
Lisa Craft	Business Administrator
Kathleen Olsen	Treasurer
Parker McCay	Attorney

**CLINTON-GLEN GARDNER
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS
JUNE 30, 2011**

AUDIT FIRM

William M. Colantano, Jr.
Certified Public Accountant
100 Route 31 North
Washington, NJ 07882-1530

ARCHITECT

Gianforcaro, Architects, Engineers & Planners
555 East Main Street, Suite One
Chester, NJ 08930

ATTORNEY

Parker McCay
Russell Weiss, Esq.-General Counsel
Three Greentree Centre
7001 Lincoln Drive West
PO Box 974
Marlton, NJ 08053-0974

Kalac & Barger
Paul C. Kalac, Esq.-Negotiations
555 Route One South
Iselin, NJ 08830

OFFICIAL DEPOSITORY

Peapack-Gladstone Bank
189 Center Street
Clinton, NJ 08809

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

October 30, 2011

Honorable President and
Members of the Board of Education
Clinton-Glen Gardner School District
County of Hunterdon, New Jersey

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Clinton-Glen Gardner School Board of Education in the County of Hunterdon, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable 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 a report dated October 30, 2011 on our consideration of the Clinton-Glen Gardner School Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

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

UNAUDITED

The discussion and analysis of the Clinton-Glen Gardner School District's financial performance provides an overall review of the school district's financial activities for the fiscal year ended June 30, 2011. 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

Financial Highlights

- ◆ Pursuant to P.L. 2009, c.78, signed into law on June 30, 2009, the non-operating Glen Gardner Borough School District was merged with the Town of Clinton School District effective July 1, 2009. A report was issued by the Assistant Commissioner that provided guidance on the implementation. The budgets were merged, and Surplus of \$226,510 was returned to the Borough of Glen Gardner. Final accumulated tuition adjustments were settled through an agreement to reallocate taxes of \$50,710 for 5 years to Clinton Town from the Borough of Glen Gardner utilizing the "Other" line on the Tax Certification. Equalized Values will be phased to 100% over a 5 year period for the purpose of calculating the tax apportionment among the two communities. The Clinton-Glen Gardner Board of Education was reduced to 5 members, eliminating the former Glen Gardner Representative position. Elections will now be held at large between the two communities, with no guaranteed representation.

Key financial highlights for 2011 are as follows:

- ◆ In total, net assets increased \$510,382, which represents an 11.7% increase from 2010.
- ◆ General revenues accounted for \$8,149,144 or 92.6% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$652,857 or 7.4% of total revenues of \$8,802,001.
- ◆ Total assets of governmental activities decreased by \$122,958 as cash and cash equivalents increased by \$168,044, receivables and other assets decreased by \$48,440 and capital assets decreased by \$242,562.
- ◆ The school district had \$8,291,619 in expenses; only \$652,857 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$8,149,144 were adequate to provide for these programs.
- ◆ The General Fund had \$7,782,067 in revenues and \$7,514,280 in expenditures and transfers. The General Fund's balance increased \$267,787 over 2010.

Using this Comprehensive Annual Financial Report (CAFR)

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the school district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for

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

UNAUDITED

future spending. In the case of the Clinton-Glen Gardner School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the school district to provide programs and activities, the view of the school district as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies.

This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the school district's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the school district have 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 property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- ◆ Governmental Activities – All of the school district's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Child Care Enterprise Funds are reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the school district's funds begins on page 16. Fund financial reports provide detailed information about the school district's major funds. The school district uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the school district's most significant funds. The school district's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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 years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the school district's general government operations

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

UNAUDITED

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.

Enterprise Fund

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

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the school district as a whole.

Table 1 provides a summary of the school district's net assets for 2011 with net asset comparisons to fiscal year 2010.

	Table 1 Net Assets		Variance	
	2011	2010	Dollars	%
Assets				
Current and other Assets	\$ 625,146	\$ 457,302	\$ 167,844	36.70 %
Capital Assets	7,157,060	7,405,972	(248,912)	(3.36)
Total Assets	\$ 7,782,206	\$ 7,863,274	(81,068)	(1.03)
Liabilities				
Long-term Liabilities	\$ 2,825,267	\$ 3,302,007	(476,740)	(14.44)
Other Liabilities	84,829	199,539	(114,710)	(57.49)
Total Liabilities	\$ 2,910,096	\$ 3,501,546	(591,450)	(16.89)
Net assets				
Invested in Capital Assets, net of Debt	\$ 4,390,855	\$ 4,154,494	236,361	5.69
Restricted	167,217	102,774	64,443	62.70
Unrestricted	314,038	104,460	209,578	200.63
Total Net Assets	\$ 4,872,110	\$ 4,361,728	\$ 510,382	11.7%

Total assets decreased by \$81,068. Cash and cash equivalents increased by \$212,222, receivables and other assets decreased by \$44,378, and capital assets decreased by \$248,912. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements of the School District, increased by \$209,578.

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

UNAUDITED

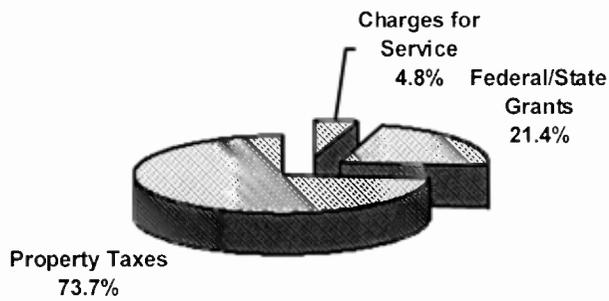
Table 2 shows the changes in net assets from fiscal year 2011.

Table 2
Changes in Net Assets

	2011	2010	Variance Dollars	%
Revenues				
Program revenues:				
Charges for services	\$ 426,329	\$ 455,609	\$(29,280)	(6.43)%
Operating grants and contributions	226,528	287,977	(61,449)	(21.34)
General revenues:				
Property taxes	6,488,801	6,328,880	159,921	2.53
Grants and entitlements	1,651,392	1,865,231	(213,839)	(11.46)
Other	8,951	3,873	5,078	131.11
Total revenues	8,802,001	8,941,570	(139,569)	(1.56)
Program Expenses				
Instruction:				
Regular	3,064,959	3,424,234	(359,305)	(10.49)
Special	1,557,303	1,397,612	159,691	11.43
Other	74,827	98,492	(23,665)	(24.03)
Support services:				
Tuition	181,942	242,911	(60,969)	(25.10)
Student & Instructional staff	1,346,673	1,442,001	(95,328)	(6.61)
General & Business Administration	553,444	568,098	(14,654)	(2.58)
School Administration	268,637	269,045	(408)	(.15)
Maintenance	536,418	582,103	(45,685)	(7.85)
Pupil Transportation	294,709	310,020	(15,311)	(4.94)
Food Service	127,014	125,742	1,272	1.01
Child Care Service	142,781	133,131	9,650	7.25
Interest and Long Term Debt	142,942	128,690	14,252	11.07
Total expenses	8,291,619	8,722,079	(430,460)	(4.94)
Increase (Decrease) in net assets	\$510,382	\$219,491	\$290,891	132.53%

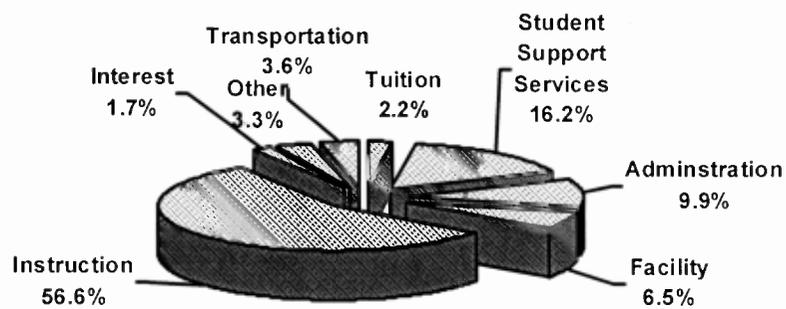
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

UNAUDITED



Sources of Revenues for Fiscal Year 2011

Instruction comprised 56.6% of district expenses.



Expenses for Fiscal Year 2011

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

UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the school district operations. Property taxes made up 76.4% of revenues for governmental activities for the Clinton-Glen Gardner School District for fiscal year 2011.

Instruction comprises 56.6% of district expenses. Support services expenses make up 41.7% and interest on long-term debt equals 1.7% of district expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

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

Table 3 Cost and Net Cost of Services

	Total		Net	
	2011	2010	2011	2010
Instruction	\$4,697,059	\$4,920,338	\$4,520,885	\$4,706,738
Support services				
Tuition	181,942	242,911	95,361	96,486
Student and Instructional staff	1,346,673	1,442,001	1,269,683	1,373,377
General & Business Admin	553,444	568,098	553,444	568,098
School Administration	268,637	269,045	268,637	269,045
Maintenance	536,418	582,103	535,378	576,983
Pupil Transportation	294,709	310,020	294,709	310,020
Food Service	127,014	125,742	(3,605)	(6,012)
Child Care Service	142,781	133,131	(38,672)	(44,932)
Interest on Long-Term Debt	142,942	128,690	142,942	128,690
Total expenses	\$8,291,619	\$8,722,079	\$7,638,762	\$7,978,493

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

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

General administration, school administration and business include expenses associated with administrative and financial supervision of the district.

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

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

UNAUDITED

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

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the school district.

The dependence upon tax revenue is apparent. For all activities general revenue support is 91.7%. The communities, as a whole, are the primary support for the Clinton-Glen Gardner School District.

The School District's Funds

Information about the school district's funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$8,489,791 and expenditures of \$8,229,472. The net positive change in all fund balances for the year was most significant in the General Fund, a increase of \$267,787.

General Fund Budgeting Highlights

The school district's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

The school district uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. During the course of the fiscal year 2011, the school district amended its General Fund budget as needed for tuition revenue and expenditures of specific special education programs as allowed by law.

For the General Fund, budget revenue and other financing sources was \$7,194,503, \$55,609 over original budgeted estimates of \$7,138,894. This difference was due primarily to additional federal revenues and Extraordinary State Aid.

The General fund expenditures and other financing uses were exceeded by revenues and other financing sources of the School district by approximately \$227,318.

Capital Assets

At the end of the fiscal year 2011, the school district had \$7,157,060 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2011 balances compared to 2010.

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

UNAUDITED

Table 4

Capital Assets (Net of Depreciation) at June 30, 2011

	2011	2010	Variance	
			Dollars	%
Land and Improvements	\$320,100	\$320,100	\$ 0	0.00 %
Construction in Progress				
Land Improvements	23,198	25,940	(2,742)	(10.57)
Building and Improvements	6,606,592	6,800,751	(194,159)	(2.85)
Furniture and Equipment	207,170	259,181	(52,011)	(20.07)
Total	\$7,157,060	\$7,405,972	(248,912)	(3.36)%

Overall capital assets decreased \$248,912 from fiscal year 2010 to fiscal year 2011. Increases in capital assets of \$0 were offset by depreciation expenses of \$248,912 for the year. A complete fixed asset inventory report was completed for the entire district in 2003.

Debt Administration

At June 30, 2011, the school district had \$2,825,267 as outstanding debt. Of this amount \$59,062 is for compensated absences, \$41,205 for a lease, and the balance of \$2,725,000 for bonds for school construction.

At June 30, 2011, the school district's overall legal debt margin was \$18,243,611 and the unvoted debt margin was \$15,513,611. See footnote 5 for a more detailed discussion of the district's debt. Following is a listing of all bond issues for which the district is currently paying debt service.

Table 5

Outstanding Bonded Debt at June 30, 2011

Issue:	2011	2010	Variance	
			Dollars	%
Refunding Bonds of 2002	1,320,000	1,625,000	(305,000)	(18.77)%
Refunding Bonds of 2009	\$1,405,000	\$1,505,000	(100,000)	(6.64)
Total	\$2,725,000	\$3,130,000	(405,000)	(12.94)%

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

UNAUDITED

For the Future

It is the opinion of the Superintendent and Business Administrator that the Clinton-Glen Gardner School District is presently in good financial condition. However, future finances are not without challenges as The state continues to impose unfunded mandates on schools while simultaneously restricting the ability to fiscally manage school budgets.

The Town of Clinton and Borough of Glen Gardner are primarily residential communities, with very few ratables; thus the tax burden is focused on homeowners.

The Clinton-Glen Gardner School District is generally successful in passing its school budgets, and continued to support the budget in the 2011 election.

In conclusion, the Clinton-Glen Gardner School District has committed itself to an excellent system for financial planning, budgeting and internal financial controls. The school district plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the school district's finances and to show the school district's accountability for the money it receives. If you have questions about this report or need additional information, please contact Lisa Craft, School Business Administrator at the Clinton-Glen Gardner Board of Education, 10 School Street, Clinton, NJ 08809 or email at lcraft@cpsnj.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Govern- mental Activities	Business- Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 154,442	\$ 124,207	\$ 278,649
Receivables, Net	81,611	1,334	82,945
Internal Balances	(4,147)	4,147	
Inventory		5,710	5,710
Bond Issuance Costs, Net	90,625		90,625
Restricted Assets:			
Capital Reserve Account-Cash	110,670		110,670
Maintenance Reserve Account-Cash	20,000		20,000
Emergency Reserve Account-Cash	36,547		36,547
Capital Assets, Net (Note 4)	7,137,490	19,570	7,157,060
Total Assets	<u>7,627,238</u>	<u>154,968</u>	<u>7,782,206</u>
LIABILITIES			
Accounts Payable	13,997	237	14,234
Accrued Interest	45,583		45,583
Deferred Revenue	21,469	3,543	25,012
Long-Term Liabilities (Note 5):			
Due Within One Year	456,205		456,205
Due Beyond One Year	2,310,000		2,310,000
Compensated Absences Payable	59,062		59,062
Total Liabilities	<u>2,906,316</u>	<u>3,780</u>	<u>2,910,096</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,371,285	19,570	4,390,855
Restricted For:			
Capital Reserve	110,670		110,670
Maintenance Reserve	20,000		20,000
Emergency Reserve	36,547		36,547
Unrestricted	<u>182,420</u>	<u>131,618</u>	<u>314,038</u>
TOTAL NET ASSETS	<u>\$ 4,720,922</u>	<u>\$ 151,188</u>	<u>\$ 4,872,110</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CLINTON-GLEN GARDNER SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Types Activities	Total
Government Activities:								
Instruction:								
Regular	\$ 2,090,244	\$ 974,685	\$ 37,682	\$ 6,164		\$ (3,021,083)		\$ (3,021,083)
Special Education	868,597	414,555	104,687	6,643		(1,171,822)		(1,171,822)
Other Special Education	199,814	74,337		20,998		(253,153)		(253,153)
Other Instruction	71,266	3,561				(74,827)		(74,827)
Support Services:								
Tuition	181,942			86,581		(95,361)		(95,361)
Students & Instruction Related Services	949,703	396,970		76,990		(1,269,683)		(1,269,683)
General & Business Administration Services	394,008	159,436				(553,444)		(553,444)
School Administration Services	177,960	90,677				(268,637)		(268,637)
Plant Operations & Maintenance	535,505	913	1,040			(535,378)		(535,378)
Pupil Transportation	294,709					(294,709)		(294,709)
Interest on Long-Term Debt	142,942					(142,942)		(142,942)
Total Government Activities	<u>5,906,690</u>	<u>2,115,134</u>	<u>143,409</u>	<u>197,376</u>	<u>\$ -</u>	<u>(7,681,039)</u>	<u>\$ -</u>	<u>(7,681,039)</u>
Business-Type Activities:								
Food Service	127,014		101,467	29,152			3,605	3,605
Other-Child Care	142,781		181,453				38,672	38,672
Total Business-Type Activities	<u>269,795</u>		<u>282,920</u>	<u>29,152</u>	<u>-</u>	<u>-</u>	<u>42,277</u>	<u>42,277</u>
Total Primary Government	<u>\$ 6,176,485</u>	<u>\$ 2,115,134</u>	<u>\$ 426,329</u>	<u>\$ 226,528</u>	<u>\$ -</u>	<u>(7,681,039)</u>	<u>42,277</u>	<u>(7,638,762)</u>
			General Revenues					
						5,979,490		5,979,490
						509,311		509,311
						1,651,392		1,651,392
						3,590	168	3,758
						5,193		5,193
						8,148,976	168	8,149,144
						467,937	42,445	510,382
						4,252,985	108,743	4,361,728
						<u>\$ 4,720,922</u>	<u>\$ 151,188</u>	<u>\$ 4,872,110</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
ASSETS					
Cash & Cash Equivalents	\$ 148,436	\$ 6,006			\$ 154,442
Receivables from Other Governments:					
State	38,349				38,349
Federal	15,000	15,463			30,463
Other	11,700				11,700
Other Receivables	1,099				1,099
Restricted Cash & Equivalents	167,217				167,217
TOTAL ASSETS	\$ 381,801	\$ 21,469	\$ -	\$ -	\$ 403,270
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 13,997				\$ 13,997
Due to Other Funds	4,147				4,147
Deferred Revenue		\$ 21,469			21,469
Total Liabilities	18,144	21,469	\$ -	\$ -	39,613

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CLINTON-GLEN GARDNER SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Capital Reserve Account	\$ 110,670				\$ 110,670
Maintenance Reserve Account	20,000				20,000
Emergency Reserve Account	36,547				36,547
Excess Surplus-Designated for Subsequent Year's Expenditures	2,862				2,862
Committed Fund Balance:					
Year-End Encumbrances	4,311				4,311
Unassigned Fund Balance	189,267				189,267
Total Fund Balances	<u>363,657</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>363,657</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 381,801</u>	<u>\$ 21,469</u>	<u>\$ -</u>	<u>\$ -</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets

(A-1) are Different Because:

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

\$ 11,081,843
3,944,353

7,137,490

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

(2,825,267)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(45,583)

Bond issuance costs are reported as expenditures in the governmental funds. The cost and the accumulated amortization is

153,912
63,287

90,625

Total Net Assets of Governmental Activities

\$ 4,720,922

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CLINTON-GLEN GARDNER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 5,979,490			\$ 509,311	\$ 6,488,801
Tuition Charges:					
Other LEA's	104,687				104,687
Individuals	37,682				37,682
Interest on Investments	3,590				3,590
Miscellaneous	6,233	\$ 9,364			15,597
Total	6,131,682	9,364	\$ -	509,311	6,650,357
State Sources	1,625,267			1,007	1,626,274
Federal Sources	25,118	188,012			213,130
Total Revenues	7,782,067	197,376	-	510,318	8,489,761
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	2,167,949	6,164			2,174,113
Special Education Instruction	861,954	6,643			868,597
Other Special Instruction	182,015	17,799			199,814
Other Instruction	71,266				71,266
Support Service & Undistributed Costs:					
Tuition	95,361	86,581			181,942
Student & Instruction Related Services	872,713	76,990			949,703
General & Business Administrative Services	394,008				394,008
School Administrative Services	177,960				177,960
Plant Operations & Maintenance	535,505				535,505
Pupil Transportation	294,709				294,709
Unallocated Benefits	1,835,840	3,199			1,839,039

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CLINTON-GLEN GARDNER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Debt Services:					
Principal				\$ 405,000	\$ 405,000
Interest & Other Charges				137,816	137,816
Total Expenditures	<u>\$ 7,489,280</u>	<u>\$ 197,376</u>	<u>\$ -</u>	<u>542,816</u>	<u>8,229,472</u>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures	<u>292,787</u>	<u>-</u>	<u>-</u>	<u>(32,498)</u>	<u>260,289</u>
Other Financing Sources (Uses):					
Operating Transfers Out-Unemployment Compensation Fund	<u>(25,000)</u>				<u>(25,000)</u>
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>
Net Change in Fund Balance	267,787	-	-	(32,498)	235,289
Fund Balances, July 1	<u>95,870</u>	<u>-</u>	<u>-</u>	<u>32,498</u>	<u>128,368</u>
Fund Balances, June 30	<u><u>\$ 363,657</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 363,657</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CLINTON-GLEN GARDNER SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Changes in Fund Balances-Governmental Fund (from B-2)		\$ 235,289
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
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 depreciation exceeds capital outlays in the period:		
Capital Outlays	\$ -	
Depreciation Expense	(242,562)	(242,562)
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:		
Bond Principal Payments	405,000	
Capital Lease Payments	80,273	485,273
Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:		
Amortization of Bond Issuance Costs		(8,239)
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.		
		6,709
In the statement of activities, compensated absences & early retirement benefits 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 a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		(8,533)
Change in Net Assets of Governmental Activities		<u>\$ 467,937</u>

CLINTON-GLEN GARDNER SCHOOL DISTRICT
COMBINING STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Food Services	Child Care Program	Total
Current Assets:			
Cash & Cash Equivalents	\$ 38,956	\$ 85,251	\$ 124,207
Accounts Receivable:			
Intergovernmental-Federal	1,168		1,168
Intergovernmental-State	166		166
Interfund	4,147		4,147
Inventories	5,710		5,710
Total Current Assets	<u>50,147</u>	<u>85,251</u>	<u>135,398</u>
Fixed Assets:			
Capital Assets	92,549		92,549
Accumulated Depreciation	72,979		72,979
Total Fixed Assets	<u>19,570</u>	<u>-</u>	<u>19,570</u>
Total Assets	<u>69,717</u>	<u>85,251</u>	<u>154,968</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	237		237
Deferred Revenue	2,143	1,400	3,543
Total Current Liabilities	<u>2,380</u>	<u>1,400</u>	<u>3,780</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	19,570		19,570
Unrestricted	47,767	83,851	131,618
TOTAL NET ASSETS	<u>\$ 67,337</u>	<u>\$ 83,851</u>	<u>\$ 151,188</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Services	Child Care Program	Total
Operating Revenues:			
Charges for Services:			
Daily Sales-Reimbursable Programs	\$ 71,329		\$ 71,329
Daily Sales-Nonreimbursable Programs	30,138		30,138
Child Care Revenues		\$ 181,453	181,453
Total Operating Revenues	<u>101,467</u>	<u>181,453</u>	<u>282,920</u>
Operating Expenses:			
Costs of Sales	62,818		62,818
Salaries	33,417	82,712	116,129
Employee Benefits	4,796	31,987	36,783
Repairs & Maintenance	412		412
Insurance	3,196		3,196
Management Fees	7,197		7,197
Other Purchased Services	3,929	23,067	26,996
General Supplies	4,744	5,015	9,759
Depreciation	6,350		6,350
Miscellaneous	155		155
Total Operating Expenses	<u>127,014</u>	<u>142,781</u>	<u>269,795</u>
Operating Income (Loss)	<u>(25,547)</u>	<u>38,672</u>	<u>13,125</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	1,332		1,332
Other	75		75
Federal Sources:			
National School Lunch Program	17,461		17,461
Food Distribution Program	10,284		10,284
Interest Earned on Investments	168		168
Total Nonoperating Revenues (Expenses)	<u>29,320</u>	<u>-</u>	<u>29,320</u>
Change in Net Assets	3,773	38,672	42,445
Total Net Assets, Beginning	<u>63,564</u>	<u>45,179</u>	<u>108,743</u>
Total Net Assets, Ending	<u>\$ 67,337</u>	<u>\$ 83,851</u>	<u>\$ 151,188</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Services	Child Care Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 101,467	\$ 181,528	\$ 282,995
Payments to Employees		(82,712)	(82,712)
Payments for Employee Benefits		(31,987)	(31,987)
Payments to Food Services Management Co	(107,451)		(107,451)
Payments to Vendors	(3,575)	(28,082)	(31,657)
Net Cash Provided by (Used For) Operating Activities	<u>(9,559)</u>	<u>38,747</u>	<u>29,188</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	1,357		1,357
Federal Sources	17,612		17,612
Interfund Activity	(4,147)		(4,147)
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>14,822</u>	<u>-</u>	<u>14,822</u>
Cash Flows from Investing Activities:			
Interest Earned on Investments	168	-	168
Net Increase (Decrease) in Cash and Cash Equivalents	5,431	38,747	44,178
Cash and Cash Equivalents, July 1, 2010	<u>33,525</u>	<u>46,504</u>	<u>80,029</u>
Cash and Cash Equivalents, June 30, 2011	<u>\$ 38,956</u>	<u>\$ 85,251</u>	<u>\$ 124,207</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (25,547)	\$ 38,672	\$ 13,125
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	6,350		6,350
Federal Food Distribution Program	9,417		9,417
(Increase) Decrease in Inventory	(16)		(16)
Increase (Decrease) in Accounts Payable	237		237
Increase (Decrease) in Deferred Revenue		75	75
Net Cash Provided by (Used For) Operating Activities	<u>\$ (9,559)</u>	<u>\$ 38,747</u>	<u>\$ 29,188</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CLINTON-GLEN GARDNER SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	\$ 85,475	\$ 40,545	\$ 570
TOTAL ASSETS	<u>85,475</u>	<u>\$ 40,545</u>	<u>\$ 570</u>
LIABILITIES			
Accounts Payable	1,363		
Due to Student Groups		\$ 40,545	
Payroll Deductions & Withholdings			\$ 570
TOTAL LIABILITIES	<u>1,363</u>	<u>\$ 40,545</u>	<u>\$ 570</u>
NET ASSETS	<u>\$ 84,112</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

CLINTON-GLEN GARDNER SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 7,441
Investment Earnings-Interest	99
Board Contribution	25,000
Total Additions	<u>32,540</u>
DEDUCTIONS	
Unemployment Claims	<u>33,681</u>
Total Deductions	<u>33,681</u>
Change in Net Assets	(1,141)
Net Assets, Beginning of the Year	<u>85,253</u>
Net Assets, End of the Year	<u>\$ 84,112</u>

NOTES TO FINANCIAL STATEMENTS

CLINTON-GLEN GARDNER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Clinton-Glen Gardner School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of five members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District serves the communities of the Town of Clinton and the Borough of Glen Gardner. The District had an approximate enrollment at June 30, 2011 of 509 students.

The primary criterion for including activities within the District's reporting entity as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

1. The organization is legally separate (can sue or be sued in their own name.)
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/ burden on the District.
6. There is a fiscal dependency by the organization on the District.

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

The District reports the following major governmental funds:

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

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

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

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

The District's Enterprise Fund is comprised of the Food Service Fund and Child Care Fund.

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

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

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other government's and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund – This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the "Benefit Reimbursement Method."

Student Activities Agency Fund – This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund – This fund accounts for the withholding and remittance of employee salary deductions.

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office 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 NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2011 were insignificant.

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

CLINTON-GLEN GARDNER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

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

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds other than the Special Revenue Fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

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

F. Tuition Receivable

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

G. Tuition Payable

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

H. Short-Term Interfund Receivables/Payables

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

I. Inventories and Prepaid Items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	50
Building Improvements & Portable Classroom	50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Deferred Revenue

Deferred revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Deferred revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in deferred revenue.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2011, consists entirely of the following.

Capital Reserve	\$ 110,670
Maintenance Reserve	20,000
Emergency Reserve	<u>36,547</u>
	<u>\$ 167,217</u>

CLINTON-GLEN GARDNER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Deposits at June 30, 2011 appear in the financial statements as summarized below:

Cash		<u>\$ 572,456</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Statement of Net Assets	B-1	\$ 321,659
Enterprise Fund, Statement of Net Assets	B-4	124,207
Fiduciary Funds, Statement of Net Assets	B-7	<u>126,590</u>
Total Cash		<u>\$ 572,456</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2011 is \$572,456 and the bank balance is \$754,747. Of the bank balance, \$250,000 is covered by federal depository insurance and \$504,747 is insured by GUDPA.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the district are category 1 assets, these disclosures are not required.
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2011, the district has no investments.

NOTE 4. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 320,100			\$ 320,100
Total	<u>320,100</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>320,100</u>
Capital Assets, Being Depreciated:				
Land Improvements	128,535			128,535
Building & Improvements	9,924,314			9,924,314
Furniture & Equipment	708,894			708,894
Total	<u>10,761,743</u>	<u>-0-</u>	<u>-0-</u>	<u>10,761,743</u>

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Accumulated Depreciation:				
Land Improvements	\$ 102,595	\$ 2,742		\$ 105,337
Building & Improvements	3,123,563	194,159		3,317,722
Furniture & Equipment	475,633	45,661		521,294
Total	<u>3,701,791</u>	<u>242,562</u>	<u>\$ -0-</u>	<u>3,944,353</u>
 Total Capital Assets, Being Depreciated, Net	 <u>7,059,952</u>	 <u>(242,562)</u>	 <u>-0-</u>	 <u>6,817,390</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 7,380,052</u>	 <u>\$ (242,562)</u>	 <u>\$ -0-</u>	 <u>\$ 7,137,490</u>
 Business-Type Activities:				
Furniture & Equipment	\$ 92,549			\$ 92,549
Less: Accum Depreciation	<u>60,026</u>	<u>\$ 6,350</u>		<u>72,979</u>
Business-Type Activities Capital Assets, Net	<u>\$ 25,920</u>	<u>\$ (6,350)</u>	<u>\$ -0-</u>	<u>\$ 19,570</u>
 Depreciation expense was charged to governmental functions in the current year as follows:				
Instruction:				
Regular	\$ 108,650			
Special Education	43,408			
Other Special Instruction	9,986			
Co-Curricular Activities	3,561			
Support Services:				
Student & Instruction	47,461			
General & Business Admin	19,690			
School Administration	8,893			
Plant & Maintenance	<u>913</u>			
Total Depreciation Expense, Governmental Activities	<u>\$ 242,562</u>			

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2011 is as Follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	\$ 3,130,000		\$ 405,000	\$ 2,725,000	\$ 415,000
Lease Obligations Payable	121,478		80,273	41,205	41,205
Compensated Absences Payable	50,529	\$ 17,892	9,359	59,062	
Total Governmental Activities Long-Term Liabilities	\$ 3,302,007	\$ 17,892	\$ 494,632	\$ 2,825,267	\$ 456,205

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2011 including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 415,000	\$ 112,087	\$ 527,087
2013	440,000	93,537	533,537
2014	465,000	73,662	538,662
2015	450,000	52,712	502,712
2016	120,000	31,837	151,837
2017	130,000	27,487	157,487
2018	140,000	22,737	162,737
2019	145,000	17,581	162,581
2020	140,000	12,775	152,775
2021	140,000	7,787	147,787
2022	140,000	2,625	142,625
Total	\$ 2,725,000	\$ 454,827	\$ 3,179,827

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)

General Obligation Bonds – General obligation school building bonds payable at June 30, 2011, with their outstanding balances are comprised of the following individual issues:

\$1,505,000 - 2009 refunding school bonds, due in annual installments of \$100,000 to \$140,000, beginning Aug 15, 2010, through Aug 15, 2021, interest at 3.00% to 4.00%	\$ 1,405,000
\$3,335,000 - 2002 refunding school bonds, due in annual installments of \$285,000 to \$335,000, beginning Feb 1, 2005 through Feb 1, 2015, interest from 2.90% to 5.00%	1,320,000
	\$ 2,725,000

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2011 is \$18,243,612. General obligation debt at June 30, 2011 is \$2,725,000, resulting in a legal debt margin of \$15,518,612.

Capital Leases Payable

The District is leasing technology equipment totaling \$225,000 under a capital lease. The following is a schedule of the future minimum lease payments under the lease and the net minimum lease payments at June 30, 2011:

<u>Year Ending June</u>	<u>General Fund</u>
2012	\$ 41,934
Amount Representing Interest	729
	\$ 41,205

NOTE 6. PENSION PLANS

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

C. Defined Contribution Retirement Program – The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$7,700 in 2010) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 6. PENSION PLANS (Cont'd)

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF, PERS and DCRP provide for employee contribution of 5.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

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

Year Funding	Post Retirement Benefit Costs	Percentage of APC Contributed
06/30/11	\$ 267,459	100%
06/30/10	256,009	100%
06/30/09	274,498	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/11	\$ 56,659	100%
06/30/10	45,882	100%
06/30/09	57,256	100%

CLINTON-GLEN GARDNER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements (cont'd)

During the year ended June 30, 2011, the State of New Jersey contributed \$255,433 to the TPAF for post-retirement medical benefits and \$12,026 for the non-contributory insurance premiums on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$279,636 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and 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. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

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

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under NJSA 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-aug2010.pdf>

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 7. POST-RETIREMENT BENEFITS (Cont'd)

Funding Policy-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

NOTE 8. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403 (b). The plans, which are administered by the entities listed below, 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 VALIC Benefits	Lincoln National Life Siracusa Benefits
Lincoln Financial Group	

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

Interfund balances at June 30, 2011 are as follows:

	Receivable	Payable
General Fund		\$ 4,147
Food Service Fund	\$ 4,147	
	\$ 4,147	\$ 4,147

The interfund between the General and Food Service Funds represents Federal and State subsidies received in the General Fund not transferred to the Food Service Fund as of June 30th.

NOTE 10. INVENTORY

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

Food	\$ 4,875
Supplies	835
	\$ 5,710

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 11. CONTINGENT LIABILITIES

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2011
 (Continued)

NOTE 12. RISK MANAGEMENT

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

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

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

<u>Fiscal Year</u>	<u>Board Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 25,000	\$ 99	\$ 7,441	\$ 33,681	\$ 84,112
2009-2010	105,355	130	7,278	41,976	85,253
2008-2009	-0-	83	7,865	30,767	14,466

NOTE 13. LEGAL RESERVE ACCOUNTS

A capital reserve account was established by the District by inclusion of \$100 on October 6, 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$10,000 to their Capital Reserve account, and \$36,547 to their Emergency Reserve account and \$20,000 to the Maintenance Reserve account by board resolution in June 2011 as summarized in the following schedule.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 13. LEGAL RESERVE ACCOUNTS

The following is a summarization of the Legal Reserve Accounts for the Current year.

Type	Beginning Balance	District Contribution	Interest Earnings	Return of Unused With- drawal	With- drawal	Ending Balance
Capital	\$ 70,276	\$ 40,050	\$ 344			\$ 110,670
Maintenance		20,000				20,000
Emergency		36,547				36,547
Totals	<u>\$ 70,276</u>	<u>\$ 96,597</u>	<u>\$ 344</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 167,217</u>

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets	\$ 2,862	
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	110,670	\$ 70,276
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	20,000	
Emergency Reserve-Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education	36,547	
Committed:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	4,311	
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>288,349</u>	<u>165,145</u>
Total Fund Balance	<u>\$ 462,739</u>	<u>\$ 235,421</u>

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund, fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$2,862.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)

NOTE 16. CONSOLIDATION

Pursuant to PL 2007, Ch 63 and A-4141, on June 30, 2009 non operating school districts were eliminated. Effective July 1, 2009 the New Jersey Department of Education merged the Glen Gardner School District with the Town of Clinton School District to operate as one entity.

As such, the Town of Clinton, School District assumed all contractual obligations of the Glen Gardner School District and provided for the liquidation of the assets of the Glen Gardner School District. Upon completion of the liquidation any cash balances, including reserve balances, were distributed to the Borough of Glen Gardner.

For the school year 2009-2010 and subsequent years the following will occur:

1. For 2009-2010 the two district budgets will be merged into one and taxes collected by Glen Gardner have been forwarded to the Clinton-Glen Gardner School district.
2. For subsequent school years taxes will be apportioned through a five year phase in to 100% equalized valuation
3. A representative of Glen Gardner was appointed as a voting member of the Clinton Board of Education for a one year period. In subsequent years members of the Board of Education will be elected "at-large."
4. All existing debt and applicable debt service requirements of the Town of Clinton will remain the responsibility of the Town of Clinton. All future debt authorizations will be the responsibility of the merged district.
5. State school aid for the merged district will be calculated as if the two districts were still operating as separate school districts.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

CLINTON-GLEN GARDNER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 5,979,490		\$ 5,979,490	\$ 5,979,490	
Tuition	121,000		121,000	104,687	\$ (16,313)
Tuition-Individuals	37,000	\$ 3,787	40,787	37,682	(3,105)
Interest on Investments	2,000		2,000	3,196	1,196
Interest on Capital Reserve Funds	50		50	394	344
Miscellaneous-Unrestricted				6,233	6,233
Total	6,139,540	3,787	6,143,327	6,131,682	(11,645)
State Sources:					
Categorical Special Education Aid	91,501		91,501	91,501	
Equalization Aid	634,110		634,110	634,110	
Categorical Security Aid	14,442		14,442	14,442	
Adjustment Aid	259,301		259,301	259,301	
Extraordinary Aid				36,547	36,547
Non-public Transportation Aid				1,802	1,802
On-Behalf TPAF Payments				267,459	267,459
Reimb TPAF Social Security Contribution				279,636	279,636
Total	999,354	-	999,354	1,584,798	585,444
Federal Sources:					
ARRA-Education Jobs Fund		46,514	46,514	25,118	(21,396)
Total	-	46,514	46,514	25,118	(21,396)
TOTAL REVENUES	\$ 7,138,894	\$ 50,301	\$ 7,189,195	\$ 7,741,598	\$ 552,403
EXPENDITURES					
Current:					
Instruction-Regular Program:					
Salaries for Teachers:					
Kindergarten	\$ 107,548	\$ (24,281)	\$ 83,267	\$ 83,267	
Grades 1-5	1,039,992	100,152	1,140,144	1,140,144	
Grades 6-8	816,758	(57,180)	759,578	759,578	
Home Instruction:					
Salaries for Teachers	1,200	2,261	3,461	3,179	\$ 282
Regular Programs-Undistributed Instruction:					
Other Purchased Services	84,888	2,064	86,952	84,494	2,458
General Supplies	106,350	3,786	110,136	96,521	13,615
Textbooks	2,000	(2,000)			
Other Objects	500	266	766	766	
Total	2,159,236	25,068	2,184,304	2,167,949	16,355
Special Education:					
Resource Room/Center:					
Salaries for Teachers	389,269	40	389,309	387,111	2,198
Other Salaries for Instruction	180,012	(20,337)	159,675	158,871	804
General Supplies	5,600	(200)	5,400	5,184	216
Total	574,881	(20,497)	554,384	551,166	3,218

CLINTON-GLEN GARDNER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Special Education: (cont'd)					
Autism:					
Salaries of Teachers	\$ 114,242	\$ 9,265	\$ 123,507	\$ 123,507	
Other Salaries for Instruction	44,600	28,396	72,996	71,024	\$ 1,972
General Supplies	2,500	1,148	3,648	3,525	123
Total	161,342	38,809	200,151	198,056	2,095
Preschool Disabilities-Part Time:					
Salaries for Teachers	88,662	751	89,413	89,113	300
Other Salaries for Instruction	22,135	91	22,226	22,226	
General Supplies	1,500		1,500	1,393	107
Total	112,297	842	113,139	112,732	407
Total Special Education	848,520	19,154	867,674	861,954	5,720
Basic Skills/Remedial:					
Salaries of Teachers	122,785	26,441	149,226	148,652	574
General Supplies	2,300	1,001	3,301	3,196	105
Total	125,085	27,442	152,527	151,848	679
Bilingual Education:					
Salaries for Teachers	30,166	1	30,167	30,167	
General Supplies	500	(490)	10		10
Total	30,666	(489)	30,177	30,167	10
School Sponsored Co/Extra-Curr Activities:					
Salaries	41,320	3,681	45,001	40,656	4,345
Supplies and Materials	200	(55)	145		145
Total	41,520	3,626	45,146	40,656	4,490
School Sponsored Athletics:					
Salaries	22,650		22,650	22,619	31
Purchased Services	6,000		6,000	6,000	
Supplies and Materials	2,590		2,590	1,991	599
Total	31,240		31,240	30,610	630
Total Instruction Regular	\$ 3,236,267	\$ 74,801	\$ 3,311,068	\$ 3,283,184	\$ 27,884
Undistributed Expenditures:					
Instruction Tuition:					
LEA'S W/I the State-Special		\$ 6,000	\$ 6,000		\$ 6,000
Private Schools for the Disabled W/I State	\$ 94,963	398	95,361	\$ 95,361	
Total	94,963	6,398	101,361	95,361	6,000
Health Services:					
Salaries	72,792	620	73,412	73,176	236
Purch Professional and Technical Services	2,600	(850)	1,750	1,750	
Other Purchased Services	250		250	85	165
Supplies and Materials	3,275	86	3,361	2,625	736
Other Objects	250		250	105	145
Total	79,167	(144)	79,023	77,741	1,282

CLINTON-GLEN GARDNER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Speech, OT, PT & Related Services:					
Salaries	\$ 168,959		\$ 168,959	\$ 168,959	
Purch Professional Educational Services	56,000	\$ (16,406)	39,594	18,397	\$ 21,197
Supplies and Materials	1,000		1,000	908	92
Total	225,959	(16,406)	209,553	188,264	21,289
Other Support Services-Students-Extra Serv:					
Salaries	25,400	(24,014)	1,386	1,275	111
Other Salaries for Instruction		22,523	22,523	22,523	
Purchased Professional-Educational Services	3,000	1,327	4,327	3,721	606
Total	28,400	(164)	28,236	27,519	717
Guidance:					
Salaries of Other Professional Staff	85,617		85,617	85,617	
Supplies and Materials	700	(324)	376	376	
Total	86,317	(324)	85,993	85,993	-
Child Study Team:					
Salaries of Other Professional Staff	216,598	7,041	223,639	223,639	
Salaries of Secretarial and Clerical Assistants	45,802	(1,030)	44,772	44,772	
Purchased Professional Educational Services	2,500	6,545	9,045	9,045	
Supplies and Materials	4,575	1,148	5,723	4,211	1,512
Other Objects	1,750	(50)	1,700	1,700	
Total	271,225	13,654	284,879	283,367	1,512
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	13,000		13,000	13,000	
Salaries for Other Professional Staff	15,000		15,000	12,915	2,085
Salaries of Facilitators, Math & Lit Coaches	71,117	(35,558)	35,559	35,559	
Total	99,117	(35,558)	63,559	61,474	2,085
Educational Media Service/School Library:					
Salaries	80,792	(32)	80,760	80,760	
Salaries of Technology Coordinators	60,450		60,450	60,450	
Supplies and Materials	8,500		8,500	6,882	1,618
Total	149,742	(32)	149,710	148,092	1,618
Instructional Staff Training Services:					
Other Purchased Services	3,000	(769)	2,231	263	1,968
Total	3,000	(769)	2,231	263	1,968
Support Services General Administration:					
Salaries	141,368	(2,813)	138,555	138,555	
Legal Services	15,000	1,537	16,537	10,157	6,380
Audit Fees	14,500	(106)	14,394	14,000	394
Architect/Engineer Services		11,912	11,912	11,912	
Other Purchased Professional Services	4,000	(10)	3,990	3,990	
Communications/Telephone	19,500	(5,859)	13,641	13,641	
BOE Other Purchased Services	1,000	(524)	476	476	
Miscellaneous Purchased Services	14,900	474	15,374	15,374	
General Supplies	8,000	(4,046)	3,954	3,954	
Miscellaneous Expenditures	7,625	(2,200)	5,425	5,425	
BOE Membership Dues and Fees	1,375	2,925	4,300	4,300	
Total	227,268	1,290	228,558	221,784	6,774

CLINTON-GLEN GARDNER SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Support Services School Administration:					
Salaries of Principals/Asst Principals/Prog Dir	\$ 132,524	\$ (2,984)	\$ 129,540	\$ 129,540	
Salaries of Secretaries and Clerical Assistants	49,160	(1,593)	47,567	47,447	\$ 120
Other Purchased Services	500		500		500
Supplies and Materials	1,000		1,000	173	827
Other Objects	1,500		1,500	800	700
Total	184,684	(4,577)	180,107	177,960	2,147
Central Services:					
Salaries	147,497	(3,322)	144,175	144,175	
Miscellaneous Purchased Services	800	95	895	895	
Supplies and Materials	1,000	(582)	418	418	
Miscellaneous Expenditures	1,600	772	2,372	2,372	
Total	150,897	(3,037)	147,860	147,860	-
Administrative Information Technology:					
Salaries	7,484	(151)	7,333	6,565	768
Purchased Technical Services	8,510	15,145	23,655	17,799	5,856
Total	15,994	14,994	30,988	24,364	6,624
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	48,700	(2,947)	45,753	39,773	5,980
General Supplies	11,100	(536)	10,564	6,113	4,451
Total	59,800	(3,483)	56,317	45,886	10,431
Custodial Services:					
Purchased Professional and Technical Services	278,074	4,201	282,275	275,150	7,125
Cleaning, Repair and Maintenance Services	9,300	2,117	11,417	10,832	585
Other Purchased Property Services	5,500	2,535	8,035	8,035	
Insurance	38,000	1,384	39,384	39,384	
General Supplies	9,300	(2,738)	6,562	5,387	1,175
Energy (Electricity)	110,600	4,065	114,665	114,665	
Energy (Natural Gas)	47,000	(8,115)	38,885	32,111	6,774
Total	497,774	3,449	501,223	485,564	15,659
Care and Upkeep of Grounds:					
General Supplies	3,500		3,500	1,708	1,792
Total	3,500	-	3,500	1,708	1,792
Security:					
Purchased Professional and Technical Services	240		240	240	
Cleaning, Repair and Maintenance Services	500	1,607	2,107	2,107	
Total	740	1,607	2,347	2,347	
Student Transportation Services:					
Management Fee-ESC and CTSA Transportation Program	5,100		5,100	5,000	100
Contracted Services (Other than Between Home and Sch)-Vendors	22,000	500	22,500	15,333	7,167
Contracted Services (Between Home and Sch)-Joint Agrmnts	25,000	(12,159)	12,841	12,841	
Contracted Services (Regular Students)-ESCs & CTSA	165,000	(11,266)	153,734	153,734	
Contracted Services (Spl. Ed. Students)-ESCs & CTSA	97,500		97,500	92,743	4,757
Contracted Services-Aid in Lieu Pymnts-NonPub Sch	15,500	(27)	15,473	15,058	415
Total	330,100	(22,952)	307,148	294,709	12,439
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	63,000	21,396	84,396	55,683	28,713
Other Retirement Contributions-PERS	45,000	5,000	50,000	50,000	
Other Retirement Contributions-Regular		626	626	626	
Unemployment Compensation	25,000	(25,000)			
Workmen's Compensation	30,000	1,996	31,996	31,996	
Health Benefits	1,165,930	(7,912)	1,158,018	1,130,157	27,861
Tuition Reimbursement	35,000		35,000	15,283	19,717
Other Employee Benefits		5,000	5,000	5,000	
Total	1,363,930	1,106	1,365,036	1,288,745	76,291

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
On-Behalf TPAF Payments				\$ 267,459	\$ (267,459)
Reimburse TPAF Social Security Contributions				279,636	(279,636)
Total	\$ -	\$ -	\$ -	547,095	(547,095)
Total Undistributed Expenditures	3,872,577	(44,948)	3,827,629	4,206,096	(378,467)
TOTAL EXPENDITURES	\$ 7,108,844	\$ 29,853	\$ 7,138,697	\$ 7,489,280	\$ (350,583)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 30,050	\$ 20,448	\$ 50,498	\$ 252,318	\$ 201,820
Other Financing Sources (Uses):					
Operating Transfer In (Out)-State Unemployment	-	(25,000)	(25,000)	(25,000)	-
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	30,050	(4,552)	25,498	227,318	201,820
Fund Balances, July 1	235,421	-	235,421	235,421	
Fund Balances, June 30	\$ 265,471	\$ (4,552)	\$ 260,919	\$ 462,739	\$ 201,820
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Increase in Capital Reserve	\$ 30,050	\$ 10,000	\$ 40,050	\$ 40,394	\$ 344
Increase in Maintenance Reserve		20,000	20,000	20,000	
Increase in Emergency Reserve		36,547	36,547	36,547	
Budgeted Fund Balance		(71,099)	(71,099)	130,377	201,476
TOTAL	\$ 30,050	\$ (4,552)	\$ 25,498	\$ 227,318	\$ 201,820
RECAPITULATION OF FUND BALANCE					
Restricted Fund Balance:					
Capital Reserve				\$ 110,670	
Maintenance Reserve				20,000	
Emergency Reserve				36,547	
Excess Surplus:					
Current Year-Designated for 2012-2013 Budget				2,862	
					\$ 170,079
Committed Fund Balance:					
Year-End Encumbrances					4,311
Unassigned Fund Balance					288,349
					462,739
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis					(99,082)
Fund Balance Per Governmental Funds (GAAP)					\$ 363,657

CLINTON-GLEN GARDNER SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(NOT APPLICABLE TO THIS REPORT)

CLINTON-GLEN GARDNER SCHOOL DISTRICT
EDUCATION JOBS FUND PROGRAM-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources:					
ARRA Education Jobs Fund		\$ 46,514	\$ 46,514	\$ 25,118	\$ (21,396)
TOTAL REVENUES	\$ -	\$ 46,514	\$ 46,514	\$ 25,118	\$ (21,396)
EXPENDITURES					
Fund 18 Education Jobs Fund:					
Undistributed Expenditures-Instruction:					
Private Schools for the Disabled W/I State		\$ 15,000	\$ 15,000	\$ 15,000	
Child Study Team:					
Salaries of Other Professional Staff		10,118	10,118	10,118	
Unallocated Benefits-Employee Benefits:					
Social Security Contributions		21,396	21,396		\$ 21,396
Total	-	46,514	46,514	25,118	21,396
TOTAL EXPENDITURES	\$ -	\$ 46,514	\$ 46,514	\$ 25,118	\$ 21,396
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources	\$ 21,647		\$ 21,647	\$ 9,364	\$ (12,283)
Federal Sources	163,101	\$ 34,097	197,198	188,122	(9,076)
TOTAL REVENUES	<u>\$ 184,748</u>	<u>\$ 34,097</u>	<u>\$ 218,845</u>	<u>\$ 197,486</u>	<u>\$ (21,359)</u>
EXPENDITURES					
Instruction:					
Salaries for Teachers	\$ 13,837		\$ 13,837	\$ 13,837	
General Supplies	18,447	\$ 10,715	29,162	16,879	\$ 12,283
Totals	<u>32,284</u>	<u>10,715</u>	<u>42,999</u>	<u>30,716</u>	<u>12,283</u>
Support Services:					
Personnel Services Employee Benefits	2,034	3,199	5,233	3,199	2,034
Purchase Professional Educational Services	57,424		57,424	57,424	
Tuition	78,272	12,104	90,376	86,581	3,795
General Supplies	6,700		6,700	6,358	342
Other Purchased Services	8,034	8,079	16,113	13,208	2,905
Total	<u>152,464</u>	<u>23,382</u>	<u>175,846</u>	<u>166,770</u>	<u>9,076</u>
TOTAL EXPENDITURES	<u>\$ 184,748</u>	<u>\$ 34,097</u>	<u>\$ 218,845</u>	<u>\$ 197,486</u>	<u>\$ 21,359</u>

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE

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

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 7,741,598	\$ 197,486
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding Encumbrances Current Year		(110)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	139,551	
State Aid Receivable Current Year	(99,082)	
Total Revenues (GAAP Basis)	\$ 7,782,067	\$ 197,376
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 7,489,280	\$ 197,486
Differences-Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding Encumbrances Current Year		(110)
Total Expenditures (GAAP Basis)	\$ 7,489,280	\$ 197,376

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	ARRA NCLB Title I	ARRA IDEA Basic	ARRA IDEA Pre-school	NCLB Title I	NCLB Title II A	IDEA Basic	IDEA Pre-school	Local Grants	Total 2011
REVENUES									
Local Sources								\$ 9,364	\$ 9,364
Federal Sources	\$ 4,072	\$ 20,824	\$ 102	\$ 17,121	\$ 14,102	\$ 126,207	\$ 5,694		188,122
TOTAL REVENUES	\$ 4,072	\$ 20,824	\$ 102	\$ 17,121	\$ 14,102	\$ 126,207	\$ 5,694	\$ 9,364	\$ 197,486
EXPENDITURES									
Instruction:									
Salaries for Teachers				\$ 13,837					\$ 13,837
General Supplies	\$ 3,962	\$ 6,651	\$ 102					\$ 6,164	16,879
Total	3,962	6,651	102	13,837	\$ -	\$ -	\$ -	6,164	30,716
Support Services:									
Personnel Services Employee Benefits				3,199					3,199
Purchase Professional Educational Services						51,730	5,694		57,424
Tuition		12,104				74,477			86,581
General Supplies					3,158			3,200	6,358
Other Purchased Services	110	2,069		85	10,944				13,208
Total	110	14,173	-	3,284	14,102	126,207	5,694	3,200	166,770
TOTAL EXPENDITURES	\$ 4,072	\$ 20,824	\$ 102	\$ 17,121	\$ 14,102	\$ 126,207	\$ 5,694	\$ 9,364	\$ 197,486

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

(NOT APPLICABLE TO THIS REPORT)

PROPRIETARY FUND

DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the district's board is that the costs of providing goods or services be financed through user charges

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 COMBINING STATEMENT OF FUND NET ASSETS
 ENTERPRISE FUND
 JUNE 30, 2011

	Food Service Fund	Child Care Program	Total
Current Assets:			
Cash & Cash Equivalents	\$ 38,956	\$ 85,251	\$ 124,207
Accounts Receivable:			
Intergovernmental-Federal	1,168		1,168
Intergovernmental-State	166		166
Interfund	4,147		4,147
Inventories	5,710		5,710
Total Current Assets	<u>50,147</u>	<u>85,251</u>	<u>135,398</u>
Fixed Assets:			
Capital Assets	92,549		92,549
Accumulated Depreciation	72,979		72,979
Total Fixed Assets	<u>19,570</u>	<u>-</u>	<u>19,570</u>
Total Assets	<u>69,717</u>	<u>85,251</u>	<u>154,968</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	237		237
Deferred Revenue	2,143	1,400	3,543
Total Current Liabilities	<u>2,380</u>	<u>1,400</u>	<u>3,780</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	19,570		19,570
Unrestricted	47,767	83,851	131,618
TOTAL NET ASSETS	<u>\$ 67,337</u>	<u>\$ 83,851</u>	<u>\$ 151,188</u>

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Services	Child Care Program	Total
Operating Revenues:			
Charges for Services:			
Daily Sales-Reimbursable Programs	\$ 71,329		\$ 71,329
Daily Sales-Nonreimbursable Programs	30,138		30,138
Child Care Revenues		\$ 181,453	181,453
Total Operating Revenues	<u>101,467</u>	<u>181,453</u>	<u>282,920</u>
Operating Expenses:			
Costs of Sales	62,818		62,818
Salaries	33,417	82,712	116,129
Employee Benefits	4,796	31,987	36,783
Repairs & Maintenance	412		412
Insurance	3,196		3,196
Management Fees	7,197		7,197
Other Purchased Services	3,929	23,067	26,996
General Supplies	4,744	5,015	9,759
Depreciation	6,350		6,350
Miscellaneous	155		155
Total Operating Expenses	<u>127,014</u>	<u>142,781</u>	<u>269,795</u>
Operating Income (Loss)	<u>(25,547)</u>	<u>38,672</u>	<u>13,125</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	1,332		1,332
Other	75		75
Federal Sources:			
National School Lunch Program	17,461		17,461
Food Distribution Program	10,284		10,284
Interest Earned on Investments	168		168
Total Nonoperating Revenues (Expenses)	<u>29,320</u>	<u>-</u>	<u>29,320</u>
Change in Net Assets	3,773	38,672	42,445
Total Net Assets, Beginning	<u>63,564</u>	<u>45,179</u>	<u>108,743</u>
Total Net Assets, Ending	<u>\$ 67,337</u>	<u>\$ 83,851</u>	<u>\$ 151,188</u>

CLINTON-GLEN GARDNER SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Food Services	Child Care Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 101,467	\$ 181,528	\$ 282,995
Payments to Employees		(82,712)	(82,712)
Payments for Employee Benefits		(31,987)	(31,987)
Payments to Food Services Management Co	(107,451)		(107,451)
Payments to Vendors	(3,575)	(28,082)	(31,657)
Net Cash Provided by (Used For) Operating Activities	<u>(9,559)</u>	<u>38,747</u>	<u>29,188</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	1,357		1,357
Federal Sources	17,612		17,612
Interfund Activity	(4,147)		(4,147)
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>14,822</u>	<u>-</u>	<u>14,822</u>
Cash Flows from Investing Activities:			
Interest Earned on Investments	168	-	168
Net Increase (Decrease) in Cash and Cash Equivalents	5,431	38,747	44,178
Cash and Cash Equivalents, July 1, 2010	<u>33,525</u>	<u>46,504</u>	<u>80,029</u>
Cash and Cash Equivalents, June 30, 2011	<u>\$ 38,956</u>	<u>\$ 85,251</u>	<u>\$ 124,207</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (25,547)	\$ 38,672	\$ 13,125
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	6,350		6,350
Federal Food Distribution Program	9,417		9,417
(Increase) Decrease in Inventory	(16)		(16)
Increase (Decrease) in Accounts Payable	237		237
Increase (Decrease) in Deferred Revenue		75	75
Net Cash Provided by (Used For) Operating Activities	<u>\$ (9,559)</u>	<u>\$ 38,747</u>	<u>\$ 29,188</u>

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary Fund are used to account for funds received by the school district as an agent for individuals, private organizations, other governments and/or other funds.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS
 FIDUCIARY FUNDS
 JUNE 30, 2011

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Totals
ASSETS				
Cash & Cash Equivalents	\$ 85,475	\$ 40,545	\$ 570	\$ 126,590
TOTAL ASSETS	85,475	40,545	570	126,590
LIABILITIES				
Accounts Payable	1,363			1,363
Due to Student Groups		40,545		40,545
Payroll Deductions & Withholdings			570	570
TOTAL LIABILITIES	1,363	40,545	570	42,478
NET ASSETS				
Held in Trust for Unemployment Claims & Other Purposes	\$ 84,112	\$ -	\$ -	\$ 84,112

CLINTON-GLEN GARDNER SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Plan Members	\$ 7,441
Investment Earnings-Interest	99
Board Contribution	<u>25,000</u>
Total Additions	<u>32,540</u>
DEDUCTIONS	
Unemployment Claims	<u>33,681</u>
Total Deductions	<u>33,681</u>
Change in Net Assets	(1,141)
Net Assets, Beginning of the Year	<u>85,253</u>
Net Assets, End of the Year	<u><u>\$ 84,112</u></u>

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 STUDENT ACTIVITY AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance 07/01/10	Additions	Deletions	Balance 06/30/11
ASSETS				
Cash and Cash Equivalents	\$ 43,153	\$ 76,887	\$ 79,495	\$ 40,545
TOTAL ASSETS	\$ 43,153	\$ 76,887	\$ 79,495	\$ 40,545
LIABILITIES				
Interfund Payable	\$ 8,687		\$ 8,687	
Due to Student Groups	34,466	\$ 76,887	70,808	\$ 40,545
TOTAL LIABILITIES	\$ 43,153	\$ 76,887	\$ 79,495	\$ 40,545

CLINTON-GLEN GARDNER SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance 07/01/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/11</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,994	\$ 7,906,136	\$ 7,907,560	\$ 570
TOTAL ASSETS	<u>\$ 1,994</u>	<u>\$ 7,906,136</u>	<u>\$ 7,907,560</u>	<u>\$ 570</u>
LIABILITIES AND RESERVES				
Payroll Deductions & Withholdings	\$ 1,994	\$ 4,881,813	\$ 4,883,244	\$ 563
Net Payroll		<u>3,024,323</u>	<u>3,024,316</u>	<u>7</u>
TOTAL LIABILITIES AND RESERVES	<u>\$ 1,994</u>	<u>\$ 7,906,136</u>	<u>\$ 7,907,560</u>	<u>\$ 570</u>

CLINTON-GLEN GARDNER SCHOOL DISTRICT
LIQUIDATION OF MERGED NON-OPERATING DISTRICT
SCHEDULE OF LIQUIDATION PERIOD RECEIPTS, DISBURSEMENTS AND FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Balance 06/30/10-Due to Glen Gardner	\$	7,195
Disbursements:		
Miscellaneous Expenses Not Accrued at 6/30/10		<u>7,195</u>
Balance 06/30/11-Due to Glen Gardner	\$	<u><u>-</u></u>

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
June 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/10	Issued	Retired	Balance 06/30/11
			Date	Amount					
Refunding School Bonds of 2002	02/01/02	\$ 3,335,000	02/01/12	\$ 305,000	5.000%	\$ 1,625,000		\$ 305,000	\$ 1,320,000
			02/01/13	330,000	5.000%				
			02/01/14	350,000	5.000%				
			02/01/15	335,000	5.000%				
Refunding School Bonds of 2009	08/15/09	1,505,000	08/15/11	110,000	3.000%	1,505,000		100,000	1,405,000
			08/15/12	110,000	3.000%				
			08/15/13	115,000	3.000%				
			08/15/14	115,000	3.000%				
			08/15/15	120,000	4.000%				
			08/15/16	130,000	3.000%				
			08/15/17	140,000	4.000%				
			08/15/18	145,000	3.250%				
			08/15/19	140,000	3.500%				
			08/15/20	140,000	3.625%				
			08/15/21	140,000	3.750%				
					<u>\$ 3,130,000</u>	<u>\$ -</u>	<u>\$ 405,000</u>	<u>\$ 2,725,000</u>	

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 JUNE 30, 2011

	Interest Rate Payable	Amount of Original Issue	Balance 07/01/10	Issued	Retired	Balance 06/30/11
Technology Equipment	3.54%	\$ 225,000	\$ 121,478		\$ 80,273	\$ 41,205
			<u>\$ 121,478</u>	<u>\$ -</u>	<u>\$ 80,273</u>	<u>\$ 41,205</u>

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 509,311		\$ 509,311	\$ 509,311	
State Sources:					
Debt Service Aid Type II	1,007		1,007	1,007	
Total Revenues	<u>510,318</u>	<u>\$ -</u>	<u>510,318</u>	<u>510,318</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Redemption of Principal	405,000		405,000	405,000	
Interest on Bonds	137,816		137,816	137,816	-
Total Expenditures	<u>542,816</u>	<u>-</u>	<u>542,816</u>	<u>542,816</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,498)	-	(32,498)	(32,498)	-
Fund Balance, July 1	<u>32,498</u>	<u>-</u>	<u>32,498</u>	<u>32,498</u>	
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

CLINTON-GLEN GARDNER SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
FINANCIAL TRENDS	
These Schedules Contain Trend Information to Help the Reader Understand how the District's Financial Performance and Well Being have Changed Over Time.	J-1 to J-6
REVENUE CAPACITY	
These Schedules Contain Trend Information to Help the Reader Assess the District's most Significant Local Revenue Sources, the Property Tax.	J-7 to J-15
DEBT CAPACITY	
These Schedules Contain Trend Information to Help the Reader Assess the Affordability of the District's Current Levels of Outstanding Debt and the District's Ability to Issue Additional Debt in the Future.	J-16 to J-20
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These Schedules Offer Demographic and Economic Indicators to Help the Reader Understand the Environment Within Which the District's Financial Activities Take Place.	J-21 to J-22
OPERATING INFORMATION	
These Schedules Contain Service and Infrastructure Data to Help the Reader Understand how the Information in the District's Financial Report Relates to the Services the District Provides and the Activities it Performs.	J-23 to J-27

Sources: Unless Otherwise noted, the Information in these Schedules is Derived from the Comprehensive Annual Financial Reports (CAFR) for the Relevant Year. The District Implemented GASB Statement 34 in the Fiscal Year Ending June 30, 2004; Schedules Presenting District-Wide Information Include Information Beginning in That Year.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES								
Invested in Capital Assets, Net of Related Debt	\$ 2,735,194	\$ 3,252,681	\$ 3,541,002	\$ 3,683,929	\$ 3,839,597	\$ 3,982,503	\$ 4,128,574	\$ 4,371,285
Restricted	48,500	41,122	139	139	139	40,140	102,774	167,217
Unrestricted	398,192	90,115	(45,517)	139,065	71,661	61,887	21,637	182,420
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$ 3,181,886	\$ 3,383,918	\$ 3,495,624	\$ 3,823,133	\$ 3,911,397	\$ 4,084,530	\$ 4,252,985	\$ 4,720,922
BUSINESS-TYPE ACTIVITIES								
Invested in Capital Assets, Net of Related Debt	\$ 56,938	\$ 50,638	\$ 44,338	\$ 40,534	\$ 39,422	\$ 32,523	\$ 25,920	\$ 19,570
Unrestricted	40,214	54,822	81,453	100,750	103,787	25,184	82,823	131,618
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 97,152	\$ 105,460	\$ 125,791	\$ 141,284	\$ 143,209	\$ 57,707	\$ 108,743	\$ 151,188
DISTRICT-WIDE								
Invested in Capital Assets, Net of Related Debt	\$ 2,792,132	\$ 3,303,319	\$ 3,585,340	\$ 3,724,463	\$ 3,879,019	\$ 4,015,026	\$ 4,154,494	\$ 4,390,855
Restricted	48,500	41,122	139	139	139	40,140	102,774	167,217
Unrestricted	438,406	144,937	35,936	239,815	175,448	87,071	104,460	314,038
TOTAL DISTRICT-WIDE	\$ 3,279,038	\$ 3,489,378	\$ 3,621,415	\$ 3,964,417	\$ 4,054,606	\$ 4,142,237	\$ 4,361,728	\$ 4,872,110

Note-Effective for the school year 2009-2010 the school districts of the Town of Clinton and Borough of Glen Gardner were merged to operate as one entity. Prior to the merger the Borough of Glen Gardner was a sending district to the Town of Clinton on a tuition basis. As such, some financial data may not be comparable.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES								
Governmental Activities:								
Instruction:								
Regular	\$ 2,825,003	\$ 2,984,802	\$ 3,264,590	\$ 3,442,154	\$ 3,569,937	\$ 3,564,328	\$ 3,424,234	\$ 3,064,929
Special Education	1,142,545	1,203,671	1,167,694	1,230,670	1,374,904	1,187,652	1,397,612	1,557,303
Other Instruction	48,596	48,296	60,738	77,265	91,294	80,667	98,492	74,827
Support Services:								
Tuition	68,134	87,523	130,806	117,067	120,312	176,784	242,911	181,942
Student & Instruction Related Services	848,136	957,084	941,943	943,654	1,085,543	1,280,294	1,442,001	1,346,673
General & Business Administrative Services	472,325	474,719	554,549	512,815	588,641	583,662	568,098	553,444
School Administration	173,678	178,708	191,823	214,526	242,139	236,339	269,045	268,637
Plant Operations & Maintenance	450,956	445,671	471,873	550,439	559,551	587,830	582,103	536,418
Pupil Transportation	70,495	47,956	114,654	97,408	85,674	104,463	310,020	294,709
Interest on Long-Term Debt	245,618	230,835	218,045	203,497	189,502	179,431	128,690	142,942
Total Governmental Activities Expenses	<u>6,345,486</u>	<u>6,659,265</u>	<u>7,116,715</u>	<u>7,389,495</u>	<u>7,907,497</u>	<u>7,981,450</u>	<u>8,463,206</u>	<u>8,021,824</u>
Business-Type Activities:								
Food Services	113,738	114,028	120,293	119,300	132,969	135,927	125,742	127,014
Child Care	77,517	113,651	114,826	118,049	121,767	145,249	133,131	142,781
Total Business-Type Activities	<u>191,255</u>	<u>227,679</u>	<u>235,119</u>	<u>237,349</u>	<u>254,736</u>	<u>281,176</u>	<u>258,873</u>	<u>269,795</u>
TOTAL DISTRICT EXPENSES	<u>\$ 6,536,741</u>	<u>\$ 6,886,944</u>	<u>\$ 7,351,834</u>	<u>\$ 7,626,844</u>	<u>\$ 8,162,233</u>	<u>\$ 8,262,626</u>	<u>\$ 8,722,079</u>	<u>\$ 8,291,619</u>

Note-Effective for the school year 2009-2010 the school districts of the Town of Clinton and Borough of Glen Gardner were merged to operate as one entity. Prior to the merger the Borough of Glen Gardner was a sending district to the Town of Clinton on a tuition basis. As such, some financial data may not be comparable.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
PROGRAM REVENUES								
Governmental Activities:								
Charges for Services	\$ 2,312,691	\$ 2,383,327	\$ 2,203,781	\$ 2,296,557	\$ 2,307,758	\$ 2,438,090	\$ 172,761	\$ 143,409
Operating Grants & Contributions	192,271	236,263	214,215	201,794	225,534	217,793	261,008	197,376
Capital Grants & Contributions	307,577		55,020					
Total Governmental Activities Program Revenues	2,812,539	2,619,590	2,473,016	2,498,351	2,533,292	2,655,883	433,769	340,785
Business-Type Activities:								
Charges for Services:								
Food Service	87,556	91,981	98,572	97,512	105,742	98,162	104,785	101,467
Child Care	112,724	124,113	132,247	130,280	122,783	109,159	178,063	181,453
Operating Grants & Contributions	21,285	19,873	24,631	24,770	27,790	28,258	26,969	29,152
Total Business-Type Activities Program Revenues	221,565	235,967	255,450	252,562	256,315	235,579	309,817	312,072
TOTAL DISTRICT-PROGRAM REVENUES	\$ 3,034,104	\$ 2,855,557	\$ 2,728,466	\$ 2,750,913	\$ 2,789,607	\$ 2,891,462	\$ 743,586	\$ 652,857
NET (EXPENSE) REVENUES								
Governmental Activities	\$ (3,532,947)	\$ (4,039,675)	\$ (4,643,699)	\$ (4,891,144)	\$ (5,374,205)	\$ (5,325,567)	\$ (8,029,437)	\$ (7,681,039)
Business-Type Activities	30,310	8,288	20,331	15,213	1,579	(45,597)	50,944	42,277
TOTAL DISTRICT-WIDE NET EXPENSES	\$ (3,502,637)	\$ (4,031,387)	\$ (4,623,368)	\$ (4,875,931)	\$ (5,372,626)	\$ (5,371,164)	\$ (7,978,493)	\$ (7,638,762)
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	\$ 2,859,178	\$ 3,010,117	\$ 3,488,226	\$ 3,714,408	\$ 3,910,915	\$ 4,086,329	\$ 5,790,375	\$ 5,979,490
Taxes Levied for Debt Service	522,169	584,087	565,336	551,123	568,356	553,625	538,505	509,311
Unrestricted Grants & Contributions	609,451	638,776	689,659	941,125	972,218	813,646	1,865,231	1,651,392
Investment Earnings	1,034	2,891	4,038	11,997	10,386	1,686	1,931	3,590
Miscellaneous Income	950	5,836	8,146		594	3,414	1,850	5,193
Operating Transfer						40,000		
Total Governmental Activities	3,992,782	4,241,707	4,755,405	5,218,653	5,462,469	5,498,700	8,197,892	8,148,976

CLINTON-GLEN GARDNER SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS (Cont'd)								
Business-Type Activities:								
Investment Earnings	\$ 16	\$ 20		\$ 280	\$ 346	\$ 95	\$ 92	\$ 168
Operating Transfer						(40,000)		
Total Business-Type Activities	16	20	\$ -	280	346	(39,905)	92	168
TOTAL DISTRICT-WIDE	<u>\$ 3,992,798</u>	<u>\$ 4,241,727</u>	<u>\$ 4,755,405</u>	<u>\$ 5,218,933</u>	<u>\$ 5,462,815</u>	<u>\$ 5,458,795</u>	<u>\$ 8,197,984</u>	<u>\$ 8,149,144</u>
CHANGE IN NET ASSETS								
Governmental Activities	\$ 459,835	\$ 202,032	\$ 111,706	\$ 327,509	\$ 88,264	\$ 173,133	\$ 168,455	\$ 467,937
Business-Type Activities	30,326	8,308	20,331	15,493	1,925	(85,502)	51,036	42,445
TOTAL DISTRICT	<u>\$ 490,161</u>	<u>\$ 210,340</u>	<u>\$ 132,037</u>	<u>\$ 343,002</u>	<u>\$ 90,189</u>	<u>\$ 87,631</u>	<u>\$ 219,491</u>	<u>\$ 510,382</u>

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST EIGHT FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:								
Reserved	\$ 83,065	\$ 147,225	\$ 37,811	\$ 44,222	\$ 3,715	\$ 40,140	\$ 70,276	\$ 167,217
Unreserved	127,046	100,994	100,882	168,249	148,114	140,435	25,594	196,440
Total General Fund	<u>\$ 210,111</u>	<u>\$ 248,219</u>	<u>\$ 138,693</u>	<u>\$ 212,471</u>	<u>\$ 151,829</u>	<u>\$ 180,575</u>	<u>\$ 95,870</u>	<u>\$ 363,657</u>
All Other Governmental Funds:								
Unreserved, Reported In:								
Capital Projects Fund	\$ (599)	\$ (16,114)						
Debt Service Fund	(1,310)	(1,036)	\$ 290				\$ 32,498	
Total All Other Governmental Funds	<u>\$ (1,909)</u>	<u>\$ (17,150)</u>	<u>\$ 290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,498</u>	<u>\$ -</u>

Note-Effective for the school year 2009-2010 the school districts of the Town of Clinton and Borough of Glen Gardner were merged to operate as one entity. Prior to the merger the Borough of Glen Gardner was a sending district to the Town of Clinton on a tuition basis. As such, some financial data may not be comparable.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Tax Levy	\$ 3,020,054	\$ 3,287,324	\$ 3,381,347	\$ 3,594,204	\$ 4,053,562	\$ 4,265,531	\$ 4,479,271	\$ 4,639,954	\$ 6,328,880	\$ 6,488,801
Tuition Charges	2,229,711	2,219,737	2,312,691	2,383,327	2,203,781	2,296,557	2,307,758	2,438,090	167,641	142,369
Interest Earnings	16,238	1,043	1,034	2,891	4,038	11,997	10,386	1,686	1,931	3,590
Miscellaneous	24,249	8,118	950	25,836	8,146	2,500	594	3,414	6,970	15,597
State Sources	474,310	568,654	615,284	644,085	698,277	942,613	972,218	813,646	1,744,283	1,626,274
State Sources-Capital Projects	1,271,809		307,577		55,020					
Federal Sources	128,299	178,631	186,438	210,954	205,597	197,806	225,534	217,793	381,956	213,130
Total Revenues	7,164,670	6,263,507	6,805,321	6,861,297	7,228,421	7,717,004	7,995,761	8,114,583	8,631,661	8,489,761
Expenditures:										
Instruction:										
Regular Instruction	2,049,129	2,170,663	2,036,728	2,130,709	2,253,707	2,259,424	2,398,807	2,505,608	2,350,284	2,167,949
Special Education Instruction	342,729	353,628	546,470	541,423	532,463	579,784	632,853	634,331	860,755	861,954
Other Special Instruction	188,516	137,906	138,418	144,228	157,326	180,375	200,480	112,272	148,018	182,015
Other Instruction	42,289	47,030	58,396	64,895	57,749	72,779	87,107	76,656	93,907	71,266
Support Services:										
Tuition	18,033	29,823	58,134	87,523	130,806	117,067	120,312	176,784	96,486	95,361
Student & Inst Related Services	595,458	594,366	616,453	646,171	645,459	684,543	733,736	854,322	964,733	872,713
General Administration	290,044	235,122	246,701	246,281	267,917	273,163	281,301	265,808	231,371	221,784
School Administration Services	110,543	123,111	129,021	133,789	140,062	145,882	163,362	166,327	194,046	177,960
Central Services / Business	126,355	135,129	185,073	145,827	152,329	158,005	143,074	159,785	157,272	147,860
Administrative Information Technology				6,462	27,903		6,784	6,166	13,582	24,364
Plant Operations & Maintenance	396,026	418,698	449,089	443,804	470,006	548,746	558,031	579,231	572,610	535,505
Pupil Transportation	43,195	76,159	70,495	47,956	114,654	97,408	85,674	104,463	310,020	294,709
Employee Benefits	657,367	720,859	843,168	935,680	1,006,020	1,097,901	1,143,407	1,172,060	1,378,060	1,288,745
On-Behalf TPAF Pension & Soc Sec Contributions	222,211	324,242	364,814	390,523	449,451	669,706	703,327	539,398	544,550	547,095
Capital Outlay	89,537	63,063	134,740	37,568	14,994	4,300	3,000	225,000		
Capital Projects	1,036,386	43,565		15,515	122,035					
Special Revenue Funds	157,875	205,936	190,438	234,954	212,946	201,794	225,534	217,793	261,008	197,376
Debt Service:										
Principal	225,000	295,000	295,000	355,000	350,000	350,000	380,000	380,000	380,000	405,000
Interest & Other Charges	359,960	296,775	248,767	230,122	214,680	202,639	189,614	174,833	127,166	137,816
Total Expenditures	6,950,653	6,271,075	6,611,905	6,838,430	7,320,507	7,643,516	8,056,403	8,350,837	8,683,868	8,229,472
Excess (Deficiency) of Revenues Over (Under) Expenditures	214,017	(7,568)	193,416	22,867	(92,086)	73,488	(60,642)	(236,254)	(52,207)	260,289
Other Financing Sources (Uses):										
Capital Leases (Non-Budgeted)	85,000		53,460					225,000		
Proceeds from Bond Issue	2,070,000								1,445,000	
Payments to Refunding Bond Escrow Agent									(1,445,000)	
Transfers In (Out)	34,729	58,298						40,000		(25,000)
Total Other Financing Sources (Uses)	2,189,729	58,298	53,460	-	-	-	-	265,000	1,445,000	(25,000)
Net Change in Fund Balances	\$ 2,403,746	\$ 50,730	\$ 246,876	\$ 22,867	\$ (92,086)	\$ 73,488	\$ (60,642)	\$ 28,746	\$ 1,392,793	\$ 235,289
Debt Service as a Percentage of Non-Capital Expenditures	11.16%	10.62%	9.16%	9.44%	8.53%	7.80%	7.61%	7.33%	6.20%	7.06%

Source: District Records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.
 Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.
 Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

NOTE: Effective for the school year 2009-2010 the school districts of the Town of Clinton and Borough of Glen Gardner were merged to operate as one entity. Prior to the merger the Borough of Glen Gardner was a sending district to the Town of Clinton on a tuition basis. As such, some financial data may not be comparable.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
LOCAL TAX LEVY BY CONSTITUENT DISTRICT
LAST TWO FISCAL YEARS

Fiscal Year Ended June 30	Total	Town of Clinton		Borough of Glen Gardner
		General	Debt Service	
2010	\$ 6,328,880	\$ 4,274,142	\$ 538,505	\$ 1,516,233
2011	6,488,801	4,418,753	509,311	1,560,737

Source: District Records

Note-Effective for the school year 2009-2010 the school districts of the Town of Clinton and Borough of Glen Gardner were merged to operate as one entity. Prior to the merger the Borough of Glen Gardner was a sending district to the Town of Clinton on a tuition basis. As such, some financial data may not be comparable.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Interest Income	\$ 5,043	\$ 1,033	\$ 1,029	\$ 2,891	\$ 4,038	\$ 11,997	\$ 10,386	\$ 1,686	\$ 1,931	\$ 3,590
Tuition	2,229,711	2,219,737	2,312,691	2,383,327	2,203,781	2,296,557	2,307,758	2,438,090	167,641	142,369
Insurance Recovery										
Prior Year Refunds	3,131	1,435	703						1,800	3,542
Miscellaneous Refunds	1,006	343								1,651
Miscellaneous	4	551	247				82		50	
Child Care & Summer Program Transfer	34,729	33,298								
Building Use Fees	5,234	2,364					512		5,120	1,040
Outstanding Checks Canceled	617	3,425		5,836	8,146			3,414		
Contributions	837									
Annual Totals	\$ 2,280,312	\$ 2,262,186	\$ 2,314,670	\$ 2,392,054	\$ 2,215,965	\$ 2,308,554	\$ 2,318,738	\$ 2,443,190	\$ 176,542	\$ 152,192

Source: District Records

Note-Effective for the school year 2009-2010 the school districts of the Town of Clinton and Borough of Glen Gardner were merged to operate as one entity. Prior to the merger the Borough of Glen Gardner was a sending district to the Town of Clinton on a tuition basis. As such, some financial data may not be comparable.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 ALL CONSTITUENT DISTRICTS COMBINED
 LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Vacant Land	\$ 7,259,003	\$ 5,336,403	\$ 5,086,103	\$ 5,232,803	\$ 5,376,003	\$ 5,567,604	\$ 6,342,904	\$ 6,327,863	\$ 6,521,263	\$ 6,521,263
Residential	289,348,320	361,407,900	362,319,400	404,612,600	437,863,900	450,355,800	447,988,700	448,191,300	447,685,200	446,949,000
Farm Regular	1,957,500	2,473,300	2,473,300	2,109,700	2,125,000	2,645,000	2,642,100	2,642,100	2,642,100	2,430,300
Q Farm	118,391	123,787	123,787	123,487	124,737	124,737	110,237	110,237	110,237	88,887
Commercial	65,633,000	78,135,900	71,901,600	76,816,100	85,988,300	89,357,300	94,565,400	95,029,050	94,853,850	94,238,800
Industrial	554,000	568,600	568,600	568,600	568,600	568,600	568,600	568,600	568,600	568,600
Apartment	6,243,800	6,967,100	6,967,100	7,638,200	8,251,200	9,034,300	12,196,000	12,196,000	12,196,000	10,843,800
Total Assessed Value	371,114,014	455,012,990	449,439,890	497,101,490	540,297,740	557,653,341	564,413,941	565,065,150	564,577,250	561,640,650
Public Utilities (a)	1,295,359	1,586,407	1,713,347	1,656,039	1,542,889	1,299,116	1,135,630	1,004,639	1,308,038	1,439,503
Net Valuation Taxable	\$ 372,409,373	\$ 456,599,397	\$ 451,153,237	\$ 498,757,529	\$ 541,840,629	\$ 558,952,457	\$ 565,549,571	\$ 566,069,789	\$ 565,885,288	\$ 563,080,153
Estimated Actual County Equalized Value	\$ 433,261,989	\$ 489,376,654	\$ 491,433,994	\$ 529,293,172	\$ 576,021,554	\$ 659,726,428	\$ 647,526,471	\$ 619,587,923	\$ 608,258,225	\$ 583,151,701
Percentage of Net Valuation to Estimated Actual County Equalized Value	85.95%	93.30%	91.80%	94.23%	94.07%	84.72%	87.34%	91.36%	93.03%	96.56%

Source: Municipal Tax Assessors

NOTE Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment
 (a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 BY CONSTITUENT DISTRICT-TOWN OF CLINTON
 LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Vacant Land	\$ 5,374,400	\$ 3,482,100	\$ 3,572,500	\$ 3,893,900	\$ 4,048,000	\$ 4,204,500	\$ 4,979,800	\$ 4,964,760	\$ 5,158,160	\$ 5,158,160
Residential	203,615,700	232,428,700	233,099,000	275,107,400	308,688,000	321,691,200	318,996,900	319,427,500	318,510,000	318,264,300
Farm Regular	149,300	173,000	173,000	201,500	210,300	214,700	211,800	211,800	211,800	211,800
Q Farm	71,300	74,100	74,100	73,800	73,800	73,800	59,300	59,300	59,300	38,200
Commercial	61,596,100	73,112,200	67,088,300	71,988,300	81,165,500	84,436,500	89,817,400	90,159,550	89,984,350	89,369,300
Industrial										
Apartment	5,572,000	6,087,100	6,087,100	6,758,200	7,371,200	7,829,100	10,990,800	10,990,800	10,990,800	9,638,600
Total Assessed Value	276,378,800	315,357,200	310,094,000	358,023,100	401,556,800	418,449,800	425,056,000	425,813,710	424,914,410	422,468,560
Public Utilities (a)	965,910	1,188,330	1,194,892	1,182,636	1,069,486	1,012,182	884,156	753,165	1,056,564	1,150,337
Net Valuation Taxable	\$ 277,344,710	\$ 316,545,530	\$ 311,288,892	\$ 359,205,736	\$ 402,626,286	\$ 419,461,982	\$ 425,940,156	\$ 426,566,875	\$ 425,970,974	\$ 423,618,897
Estimated Actual County Equalized) Value	\$ 302,283,063	\$ 335,892,964	\$ 337,230,869	\$ 363,127,513	\$ 394,059,112	\$ 452,680,802	\$ 442,351,393	\$ 420,954,544	\$ 419,286,974	\$ 401,632,430
Percentage of Net Valuation to Estimated Actual County Equalized Value	91.75%	94.24%	92.31%	98.92%	102.17%	92.66%	96.29%	101.33%	101.59%	105.47%

Source: Municipal Tax Assessor

NOTE Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment
 (a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 BY CONSTITUENT DISTRICT-BOROUGH OF GLEN GARDNER
 LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Vacant Land	\$ 1,884,603	\$ 1,854,303	\$ 1,513,603	\$ 1,338,903	\$ 1,328,003	\$ 1,363,104	\$ 1,363,104	\$ 1,363,103	\$ 1,363,103	\$ 1,363,103
Residential	85,732,620	128,979,200	129,220,400	129,505,200	129,175,900	128,664,600	128,991,800	128,763,800	129,175,200	128,684,700
Farm Regular	1,808,200	2,300,300	2,300,300	1,908,200	1,914,700	2,430,300	2,430,300	2,430,300	2,430,300	2,430,300
Q Farm	47,091	49,687	49,687	49,687	50,937	50,937	50,937	50,937	50,937	50,687
Commercial	4,036,900	5,023,700	4,813,300	4,827,800	4,822,800	4,920,800	4,748,000	4,869,500	4,869,500	4,869,500
Industrial	554,000	568,600	568,600	568,600	568,600	568,600	568,600	568,600	568,600	568,600
Apartment	671,800	880,000	880,000	880,000	880,000	1,205,200	1,205,200	1,205,200	1,205,200	1,205,200
Total Assessed Value	94,735,214	139,655,790	139,345,890	139,078,390	138,740,940	139,203,541	139,357,941	139,251,440	139,662,840	139,172,090
Public Utilities (a)	329,449	398,077	518,455	473,403	473,403	286,934	251,474	251,474	251,474	289,166
Net Valuation Taxable	\$ 95,064,663	\$ 140,053,867	\$ 139,864,345	\$ 139,551,793	\$ 139,214,343	\$ 139,490,475	\$ 139,609,415	\$ 139,502,914	\$ 139,914,314	\$ 139,461,256
Estimated Actual County Equalized Value	\$ 130,978,926	\$ 153,483,690	\$ 154,203,125	\$ 166,165,659	\$ 181,962,442	\$ 207,045,626	\$ 205,175,078	\$ 198,633,379	\$ 188,971,251	\$ 181,519,271
Percentage of Net Valuation to Estimated Actual County Equalized Value	72.58%	91.25%	90.70%	83.98%	76.51%	67.37%	68.04%	70.23%	74.04%	76.83%

*

Source: Municipal Tax Assessor

NOTE Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment
 (a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

* Revalued/Reassessed

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 BY CONSTITUENT DISTRICT-TOWN OF CLINTON
 LAST TEN FISCAL YEARS
 (RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate				Overlapping Rates			Total Direct & Overlapping Tax Rate	
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Tax Rate	Municipality	County		Fire District
			Total Direct School Tax Rate						
2002	\$ 0.94	\$ 0.20	\$ 1.14	\$ 0.53	\$ 0.58	\$ 0.49		\$ 2.74	
2003	0.89	0.16	1.05	0.52	0.54	0.46		2.57	
2004	0.94	0.18	1.12	0.56	0.57	0.44		2.69	
2005	0.91	0.15	1.06	0.51	0.49	0.38		2.44	
2006	0.90	0.13	1.03	0.48	0.44	0.35		2.30	
2007	0.90	0.14	1.04	0.47	0.42	0.36		2.29	
2008	0.94	0.13	1.07	0.47	0.44	0.35		2.33	
2009	0.98	0.13	1.11	0.50	0.44	0.34		2.39	
2010	1.03	0.12	1.15	0.51	0.46	0.34		2.46	
2011	1.04	0.12	1.16	0.52	0.46	0.32		2.46	

Sources: Municipal Tax Collector

NOTE: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 BY CONSTITUENT DISTRICT-BOROUGH OF GLEN GARDNER
 LAST TEN FISCAL YEARS
 (RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate					Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Tax Rate	Municipality	County	Fire District	
			Total Direct School Tax Rate						
2002	\$ 1.71		\$ 1.71		\$ 0.53	\$ 0.48	\$ 0.52		\$ 3.24
2003	* 1.12		1.12		0.45	0.40	0.44		2.41
2004	1.06		1.06		0.50	0.42	0.45		2.43
2005	0.97		0.97		0.63	0.42	0.45		2.47
2006	1.04		1.04		0.73	0.44	0.42		2.63
2007	1.06		1.06		0.68	0.45	0.49		2.68
2008	1.10		1.10		0.75	0.45	0.49		2.79
2009	1.09		1.09		0.79	0.46	0.49		2.83
2010	1.11		1.12		0.76	0.48	0.46		2.82
2011	1.18		1.18		0.74	0.49	0.45		2.86

Sources: Municipal Tax Collector

NOTE: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the pre-budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- (a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

* Revalued/Reassessed

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 BY CONSTITUENT DISTRICT-TOWN OF CLINTON
 CURRENT YEAR AND NINE YEARS AGO

	2011			2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
111 West Main Street Holdings LLC	\$ 7,810,000	1	1.84%	\$ 11,500,000	1	4.15%
Clinton Garden Associates	3,938,500	2	0.93%	2,060,100	5	0.74%
Clinton Unity Group LLC	3,780,800	3	0.89%	3,050,600	2	1.10%
Goldstar Property LLC	3,396,800	4	0.80%			
Great Atlantic & Pacific Tea Co	2,887,000	5	0.68%	2,494,300	4	0.90%
RowlandHouse LLC & Clinton II LLC	2,792,000	6	0.66%			
Chrisellan Investors	2,164,200	7	0.51%	1,142,400	9	0.41%
FMCD Realty	2,079,600	8	0.49%	1,754,100	6	0.63%
Z & F LLC	1,926,300	9	0.45%	1,185,800	8	0.43%
42 Main Street LLC	1,231,000	10	0.29%			
Century Development				2,580,500	3	0.93%
Clinton Manor Associates				1,750,000	7	0.63%
Clinton Management Group				1,128,000	10	0.41%
	<u>\$ 32,006,200</u>		<u>7.56%</u>	<u>\$ 28,645,800</u>		<u>10.33%</u>

Source: Municipal Tax Assessor

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 BY CONSTITUENT DISTRICT-BOROUGH OF GLEN GARDNER
 CURRENT YEAR AND NINE YEARS AGO

	2011			2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Glen Gardner Partnership	\$ 585,500	1	0.42%	\$ 430,500	3	0.45%
Heartland Inc	584,000	2	0.42%	364,200	5	0.38%
Eastern Concrete Materials Inc	794,500	3	0.57%	554,000	1	0.58%
Individual Property Owner #1	515,000	4	0.37%	433,200	2	0.46%
Individual Property Owner #2	515,000	5	0.37%	325,900	10	0.34%
Santram Property LLC	500,800	6	0.36%			
Individual Property Owner #3	495,500	7	0.36%			
Individual Property Owner #4	463,000	8	0.33%			
Individual Property Owner #5	462,000	9	0.33%			
Individual Property Owner #6	460,000	10	0.33%			
RTRK Investment Inc				381,800	4	0.40%
Readee Developers Inc				363,900	6	0.38%
Hudson United Bank				350,000	7	0.37%
Farley & Tatariw Inc				350,000	8	0.37%
M & M Associates				333,200	9	0.35%
	<u>\$ 5,375,300</u>		<u>3.85%</u>	<u>\$ 3,886,700</u>		<u>4.09%</u>

Source: Municipal Tax Assessor

CLINTON-GLEN GARDNER SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
BY CONSTITUENT DISTRICT-TOWN OF CLINTON
LAST TEN FISCAL YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2001	\$ 6,715,702	\$ 6,632,157	98.76%
2002	7,681,441	7,518,234	97.88%
2003	8,144,401	7,882,585	96.79%
2004	8,379,680	8,281,860	98.83%
2005	8,793,690	8,657,175	98.45%
2006	9,275,600	9,045,726	97.52%
2007	9,598,684	9,401,251	97.94%
2008	9,917,195	9,686,129	97.67%
2009	10,209,913	9,926,875	97.23%
2010	10,456,542	10,188,834	97.44%

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

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality (a) 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.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
BY CONSTITUENT DISTRICT-BOROUGH OF GLEN GARDNER
LAST TEN FISCAL YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2001	\$ 2,786,950	\$ 2,696,352	96.75%
2002	3,177,311	3,086,900	97.15%
2003	3,384,757	3,272,719	96.69%
2004	3,401,029	3,330,169	97.92%
2005	3,447,499	3,384,229	98.16%
2006	3,748,187	3,627,812	96.79%
2007	3,743,444	3,664,547	97.89%
2008	3,898,996	3,847,017	98.67%
2009	3,952,336	3,861,141	97.69%
2010	3,943,892	3,865,672	98.02%

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

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality (a) 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 ye

CLINTON-GLEN GARDNER SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2002	\$ 5,855,000		\$ 135,382.00	\$ 1,580,000		\$ 7,570,382	5.02%	\$ 2,864
2003	5,560,000		111,751	309,000		5,980,751	3.87%	2,271
2004	5,265,000		98,335	309,000		5,672,335	3.63%	2,175
2005	4,910,000		64,020			4,974,020	3.22%	1,921
2006	4,560,000		28,021			4,588,021	2.77%	1,780
2007	4,210,000					4,210,000	2.40%	1,636
2008	3,830,000					3,830,000	2.17%	1,494
2009	3,450,000		198,983			3,648,983	2.18%	1,421
2010	3,130,000		121,478			3,251,478	N/A	718
2011	2,725,000		41,205			2,766,205	N/A	611

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

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

Note Effective for the school year 2009-2010 the school districts of the Town of Clinton and the Borough of Glen Gardner were merged to operated as one entity. Information prior to the school year 2009-2010 is based only on the Town of Clinton

CLINTON-GLEN GARDNER SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ 5,855,000		\$ 5,855,000	2.11%	\$ 2,215
2003	5,560,000		5,560,000	1.76%	2,111
2004	5,265,000		5,265,000	1.69%	2,019
2005	4,910,000		4,910,000	1.37%	1,896
2006	4,560,000		4,560,000	1.13%	1,769
2007	4,210,000		4,210,000	1.00%	1,636
2008	3,830,000		3,830,000	0.90%	1,494
2009	3,450,000		3,450,000	0.81%	1,344
2010	3,130,000		3,130,000	0.55%	691
2011	2,725,000		2,725,000	0.48%	602

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

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

Note Effective for the school year 2009-2010 the school districts of the Town of Clinton and the Borough of Glen Gardner were merged to operated as one entity. Information prior to the school year 2009-2010 is based only on the Town of Clinton

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 BY CONSTITUENT DISTRICT-TOWN OF CLINTON
 AS OF DECEMBER 31, 2010

GOVERNMENTAL UNIT	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	\$ 2,765,353	100.00	\$ 2,765,353
Regional High School	4,615,000	4.53	209,193
County General Obligation Debt	100,047,622	1.76	1,760,838
Subtotal, Overlapping Debt			4,735,384
School District Direct Debt			3,030,000
Total Direct and Overlapping Debt			<u>\$ 7,765,384</u>

Sources: Assessed Value Data Used to Estimate Applicable Percentages
 Provided by the County Board of Taxation. Debt Outstanding Data
 Provided by Each Governmental Unit.

Note: Overlapping Governments are those that Coincide, at least in Part, with the Geographic Boundaries of the District. This Schedule Estimates the Portion of the Outstanding Debt of Those Overlapping Governments that is Borne by the Residents and Businesses of the Municipality. This Process Recognizes that, when Considering the District's Ability to Issue and Repay Long-Term Debt, the Entire Debt Burden Borne by the Residents and Businesses Should be Taken into Account. However this Does Not Imply that Every Taxpayer is a resident, and Therefore Responsible for Repaying the Debt, of Each Overlapping Payment.

(a) For Debt Repaid with Property Taxes, the Percentage of Overlapping Debt Applicable is Estimated Using Taxable Assessed Property Values. Applicable Percentages were Estimated by Determining the Portion of Another Governmental Unit's Taxable Value that is Within the District's Boundaries and Dividing it by Each Unit's Total Taxable Value.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
BY CONSTITUENT DISTRICT-BOROUGH OF GLEN GARDNER
AS OF DECEMBER 31, 2010

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 2,532,431	100.00	\$ 2,532,431
Regional High School	4,615,000	2.04	94,155
County General Obligation Debt	100,047,622	0.79	<u>790,376</u>
Subtotal, Overlapping Debt			3,416,962
School District Direct Debt			<u> </u>
Total Direct and Overlapping Debt			<u><u>\$ 3,416,962</u></u>

Sources: Assessed Value Data Used to Estimate Applicable Percentages
Provided by the County Board of Taxation. Debt Outstanding Data
Provided by Each Governmental Unit.

Note:

Overlapping Governments are those that Coincide, at least in Part, with the Geographic Boundaries of the District. This Schedule Estimates the Portion of the Outstanding Debt of Those Overlapping Governments that is Borne by the Residents and Businesses

- (a) For Debt Repaid with Property Taxes, the Percentage of Overlapping Debt Applicable is Estimated Using Taxable Assessed Property Values. Applicable Percentages were Estimated by Determining the Portion of Another Governmental Unit's Taxable Value that is

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION,
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

	Equalized Valuation Basis		
	2010	\$ 584,676,080	
	2009	608,093,448	
	2008	<u>631,591,641</u>	
		<u>\$ 1,824,361,169</u>	
	Average Equalized Valuation of Taxable Property		<u>\$ 608,120,390</u>
	Debt Limit (3.0% of Average Equalization Value)		\$ 18,243,612 (a)
	Total Net Debt Applicable to Limit		<u>2,725,000</u>
	Legal Debt Margin		<u>\$ 15,518,612</u>

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 6,816,530	\$ 7,749,534	\$ 8,634,093	\$ 9,429,178	\$ 10,329,999	\$ 11,327,610	\$ 12,290,248	\$ 12,832,722	\$ 18,724,350	\$ 18,243,612
Total Net Debt Applicable	<u>6,163,191</u>	<u>5,868,191</u>	<u>5,265,615</u>	<u>4,910,614</u>	<u>4,560,000</u>	<u>4,210,000</u>	<u>3,830,000</u>	<u>3,450,000</u>	<u>3,130,000</u>	<u>2,725,000</u>
Legal Debt Margin	<u>\$ 653,339</u>	<u>\$ 1,881,343</u>	<u>\$ 3,368,478</u>	<u>\$ 4,518,564</u>	<u>\$ 5,769,999</u>	<u>\$ 7,117,610</u>	<u>\$ 8,460,248</u>	<u>\$ 9,382,722</u>	<u>\$ 15,594,350</u>	<u>\$ 15,518,612</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	90.42%	75.72%	60.99%	52.08%	44.14%	37.17%	31.16%	26.88%	16.72%	14.94%

Source: Equalized Valuation Bases were Obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A:24-19

Note Effective for the school year 2009-2010 the school districts of the Town of Clinton and the Borough of Glen Gardner were merged to operated as one entity. Information prior to the school year 2009-2010 is based only on the Town of Clinton

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

CONSTITUENT DISTRICT	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>SCHOOL DISTRICT POPULATION (a)</u>										
Town of Clinton	2,643	2,634	2,608	2,589	2,578	2,574	2,564	2,567	N/A	N/A
Borough of Glen Gardner	1,964	1,977	1,974	1,974	1,970	1,964	1,958	1,961	N/A	N/A
	<u>4,607</u>	<u>4,611</u>	<u>4,582</u>	<u>4,563</u>	<u>4,548</u>	<u>4,538</u>	<u>4,522</u>	<u>4,528</u>	-	-
<u>PERSONAL INCOME (b)</u>										
Town of Clinton	\$ 150,941,730	\$ 154,526,244	\$ 156,263,536	\$ 154,283,688	\$ 165,832,428	\$ 175,428,396	\$ 176,277,564	\$ 167,738,048	N/A	N/A
Borough of Glen Gardner	112,164,040	115,982,682	118,276,158	117,634,608	126,722,220	133,854,456	134,614,458	128,139,584	N/A	N/A
	<u>\$ 263,105,770</u>	<u>\$ 270,508,926</u>	<u>\$ 274,539,694</u>	<u>\$ 271,918,296</u>	<u>\$ 292,554,648</u>	<u>\$ 309,282,852</u>	<u>\$ 310,892,022</u>	<u>\$ 295,877,632</u>	\$ -	\$ -
<u>PER CAPITA PERSONAL INCOME</u>										
County of Hunterdon	<u>\$ 57,110</u>	<u>\$ 58,666</u>	<u>\$ 59,917</u>	<u>\$ 59,592</u>	<u>\$ 64,326</u>	<u>\$ 68,154</u>	<u>\$ 68,751</u>	<u>\$ 65,344</u>	N/A	N/A
<u>UNEMPLOYMENT RATE (c)</u>										
Town of Clinton	3.3%	3.6%	3.0%	2.4%	2.6%	2.3%	3.0%	5.5%	5.6%	N/A
Borough of Glen Gardner	5.2%	5.7%	4.7%	2.2%	2.5%	2.2%	2.8%	5.2%	5.3%	N/A

(a) Population Information Provided by the NJ Dept of Labor and Workforce Development
 (b) Personal Income has Been Estimated Based Upon Municipal Population and Per Capita Income Presented for the County of Hunterdon
 © Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Employer	2011			2002		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction:										
Regular	58.0	58.4	60.0	55.6	54.3	50.2	45.7	39.3	35.2	33.2
Special Education	2.0		4.0	4.0	4.0	8.5	12.0	22.0	19.0	19.0
Support Services:										
Student and Instruction Related Services	8.8	9.0	9.0	8.8	8.8	8.6	10.0	11.2	12.4	12.9
General Administration	2.0	2.0	3.0	2.2	2.2	2.2	2.2	2.2	1.5	1.5
School Administration Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	3.3	2.3
Central Services	2.5	2.5	3.0	2.3	2.3	2.3	2.3	1.8	1.9	1.9
Plant Operations and Maintenance	4.5								0.9	
Total	79.8	73.9	81.0	74.9	73.6	73.8	74.2	79.0	74.2	70.8

Sources: District Personnel Records

N/A: Information not available

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (b)</u>	<u>Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) (c)</u>	<u>Average Daily Attendance (ADA) (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2002	597	\$ 5,239,770	\$ 8,777	-1.36%	63.0	1 to 9.48	596.5	568.3	2.32%	95.27%
2003	565	5,572,672	9,863	12.38%	60.0	1 to 9.42	564.5	536.6	-5.36%	95.06%
2004	571	5,933,398	10,391	5.35%	60.0	1 to 9.52	570.4	545.1	1.05%	95.56%
2005	573	6,200,225	10,821	4.13%	57.0	1 to 10.05	572.6	547.5	0.39%	95.62%
2006	548	6,616,798	12,074	11.59%	57.0	1 to 9.61	547.4	523.1	-4.40%	95.56%
2007	555	7,086,577	12,769	5.75%	47.0	1 to 11.81	555.8	532.3	1.53%	95.77%
2008	542	7,483,789	13,808	8.14%	46.7	1 to 11.61	542.2	518.6	-2.45%	95.65%
2009	532	7,571,004	14,231	3.07%	49.2	1 to 10.80	533.6	511.0	-1.59%	95.76%
2010	517	8,176,702	15,816	11.13%	44.2	1 to 11.80	521.4	498.6	-2.29%	95.63%
2011	507	7,686,656	15,161	-4.14%	42.2	1 to 12.06	508.9	484.2	-2.40%	95.15%

Source: District Records

(a) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.

(b) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff.

(c) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Elementary (1923)</u>										
Square Feet	75,668	75,668	75,668	75,668	75,668	75,668	75,668	75,668	75,668	75,668
Capacity (Students)	605	605	605	605	605	605	605	605	605	605
Enrollment	588	570	569	566	541	555	542	532	517	507
Number of Schools at June 30, 2010:										
Elementary	1									
Middle School	0									
High School	0									
Other	0									

District Facilities Office

Year of Original Construction is shown in Parentheses. Increase in Square Footage and Capacity are the Result of Renovations and Additions. Enrollment is Based on the Annual October District Count.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST NINE FISCAL YEARS

JNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

*School Facilities

	<u>Amount</u>	<u>Total</u>
2003	\$ 15,625	\$ 15,625
2004	50,849	50,849
2005	38,779	38,779
2006	42,521	42,521
2007	87,825	87,825
2008	61,246	61,246
2009	66,116	66,116
2010	75,229	75,229
2011	45,886	45,886
Total School Facilities	<u>\$ 484,076</u>	<u>\$ 484,076</u>

* School Facilities as Defined Under EFCFA.
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

CLINTON-GLEN GARDNER SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2011
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-School Alliance Insurance Fund:		
Property-Blanket Building & Contents (Fund Limit)	\$ 18,838,488	\$ 5,000
Comprehensive General Liability	16,000,000	1,000
Excess Liability	10,000,000	
Workmen's Compensation	2,000,000	
School Board Legal Liability	16,000,000	
Crime/Dishonesty	1,000,000	
Student Accident-Markel Insurance Co:		
Student Accident Policy	1,000,000	
Catastrophe-Fireman's Fund	50,000,000	
Public Employees' Faithful Performance-Selective Insurance:		
Treasurer	180,000	
School Board Secretary	175,000	

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITORS' 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

October 30, 2011

Honorable President and
Members of the Board of Education
Clinton-Glen Gardner School District
County of Hunterdon, New Jersey

We have audited the financial statements of the Board of Education of the Clinton-Glen Gardner School District in the County of Hunterdon as of and for the year ended June 30, 2011, and have issued our report thereon dated October 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

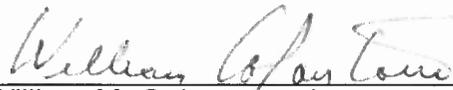
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information of the management of the Board 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.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04

October 30, 2011

Honorable President and
Members of the Board of Education
Clinton-Glen Gardner School District
County of Hunterdon, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Clinton-Glen Gardner School District in the County of Hunterdon, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and New Jersey OMB's Circular 04-04 that are applicable to its major federal and state programs for the year ended June 30, 2011. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education's management. Our responsibility is to express an opinion on the Board of Education's compliance based on our audit.

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

In our opinion the Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The management of the Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit we considered the Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state programs in order to determine our audit procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness on internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

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

This report is intended for the information of the Board of Education, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2010		Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2011		
					(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor
US Department of Education Passed Through State Department of Education:													
General Fund:													
Education Jobs Fund	84.410A	ARRA-091011	\$ 46,514	08//10/10-09/30/12			\$ 10,118	\$ 25,118			\$ (36,396)	\$ 21,396	
Total General Fund					\$ -	\$ -	10,118	25,118	\$ -	\$ -	(36,396)	21,396	\$ -
Special Revenue Fund:													
NCLB Title I	84.010A	NCLB-091011	16,706	09/01/10-08/31/11			13,226	13,922			(3,480)	2,784	
NCLB Title I	84.010A	NCLB-091010	26,414	09/01/09-08/31/10	(4,381)		7,580	3,199					
NCLB Title II A	84.367A	NCLB-091010	12,081	09/01/09-08/31/10	(1,797)		3,342	5,574			(4,029)		
NCLB Title II A	84.367A	NCLB-091011	10,699	09/01/10-08/31/11			4,019	8,528			(6,680)	2,171	
NCLB Title II D	84.318X	NCLB-091010	264	09/01/09-08/31/10	(264)		264						
NCLB Title IV	84.184	NCLB-091010	1,055	09/01/09-08/31/10	(1,055)		1,055						
ARRA IDEA Basic	84.391	ARRA-091010	110,644	09/01/09-08/31/11	(22,867)		42,585	20,824			(1,172)	66	
ARRA IDEA Pre School	84.392	ARRA-091010	4,000	09/01/09-08/31/11				102			(102)		
ARRA Title I	84.389	ARRA-091010	7,417	09/01/09-08/31/11			4,333	4,072				261	
IDEA Basic	84.027	IDEA-091010	124,097	09/01/09-08/31/10	(3,163)		3,163						
IDEA Basic	84.027	IDEA-091011	130,002	09/01/10-08/31/11			130,002	126,207				3,795	
IDEA Pre School	84.173	IDEA-091011	5,694	09/01/10-08/31/11			5,694	5,694					
Total Special Revenue Fund					(33,527)	-	215,263	188,122	-	-	(15,463)	9,077	-
US Department of Agriculture Passed Through State Department of Education:													
Enterprise Fund:													
Food Distribution Program	10.550	N/A	9,417	07/01/09-06/30/10	3,010			3,010					
Food Distribution Program	10.550	N/A	9,417	07/01/10-06/30/11			9,417	7,274				2,143	
National School Lunch Program	10.555	N/A	17,679	07/01/09-06/30/10	(1,319)		1,319						
National School Lunch Program	10.555	N/A	17,461	07/01/10-06/30/11				16,293			(1,168)		
Total Enterprise Fund					1,691	-	27,029	27,745	-	-	(1,168)	2,143	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (31,836)	\$ -	\$ 252,410	\$ 240,985	\$ -	\$ -	\$ (53,027)	\$ 32,616	\$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

CLINTON-GLEN GARDNER SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 06/30/10 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2011			MEMO	
								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
State Department of Education												
General Fund:												
Special Education Aid	11-495-034	\$ 91,501	07/01/10-									
	-5120-089		06/30/11		\$ 82,429	\$ 91,501		\$ (9,072)			\$ (9,072)	\$ 91,501
Special Education Aid	10-495-034	278,317	07/01/09-									
	-5120-089		06/30/10	\$ (30,732)	30,732							
Equalization Aid	11-495-034	634,110	07/01/10-									
	-5120-078		06/30/11		571,241	634,110		(62,869)			(62,869)	634,110
Equalization Aid	10-495-034	545,632	07/01/09-									
	-5120-078		06/30/10	(60,249)	60,249							
Security Aid	11-495-034	14,442	07/01/10-									
	-5120-084		06/30/11		13,010	14,442		(1,432)			(1,432)	14,442
Security Aid	10-495-034	41,453	07/01/09-									
	-5120-084		06/30/10	(4,577)	4,577							
Adjustment Aid	11-495-034	259,301	07/01/10-									
	-5120-085		06/30/11		233,592	259,301		(25,709)			(25,709)	259,301
Adjustment Aid	10-495-034	206,402	07/01/09-									
	-5120-085		06/30/10	(22,791)	22,791							
Transportation Aid	10-495-034	192,013	07/01/09-									
	-5120-014		06/30/10	(21,202)	21,202							
Non-Public Transportation Aid	11-495-034	1,802	07/01/10-									
	-5120-014		06/30/11			1,802		(1,802)			(1,802)	1,802
Non-Public Transportation Aid	10-495-034	2,537	07/01/09-									
	-5120-014		06/30/10	(2,537)	2,537							
Extraordinary Special Education Cost Aid	10-100-034	46,849	07/01/09-									
	-5120-473		06/30/10	(46,849)	46,849							
Extraordinary Special Education Cost Aid	11-100-034	36,547	07/01/10-									
	-5120-473		06/30/11			36,547		(36,547)			(36,547)	36,547
Reimbursement TPAF Soc Sec Contribution	11-495-034	279,636	07/01/10-									
	-5095-002		06/30/11		279,636	279,636						279,636
On-Behalf TPAF Post Retirement Medical	11-495-034	255,433	07/01/10-									
	-5095-001		06/30/11		255,433	255,433						255,433
On-Behalf TPAF Non-contributory Insurance	11-495-034	12,026	07/01/10-									
	-5095-007		06/30/11		12,026	12,026						12,026
Total General Fund				<u>(188,937)</u>	<u>1,636,304</u>	<u>1,584,798</u>	<u>\$ -</u>	<u>(137,431)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(137,431)</u>	<u>1,584,798</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

CLINTON-GLEN GARDNER SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE, SCHEDULE B
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2010 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2011			MEMO	
								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<u>State Department of Education</u>												
Debt Service Fund:												
Debt Service Aid-State Support	11-495-034 -5120-017	\$ 1,007	07/01/10- 06/30/11		\$ 1,007	\$ 1,007						\$ 1,007
Total Debt Service Fund				\$ -	1,007	1,007	\$ -	\$ -	\$ -	\$ -	\$ -	1,007
<u>State Department of Agriculture</u>												
Enterprise Fund:												
State School Lunch Program	11-100-010 -3350-023	1,332	07/01/10- 06/30/11		1,241	1,332		(91)			(91)	1,332
State School Lunch Program	10-100-010 -3350-023	1,564	07/01/09- 06/30/10	(117)	117							-
Other State Aid	11-100-010 -3350-023	75	07/01/10- 06/30/11			75		(75)			(75)	75
Total Enterprise Fund				(117)	1,358	1,407	-	(166)	-	-	(166)	1,407
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ (189,054)</u>	<u>\$ 1,638,669</u>	<u>\$ 1,587,212</u>	<u>\$ -</u>	<u>\$ (137,597)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (137,597)</u>	<u>\$ 1,587,212</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

CLINTON-GLEN GARDNER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2011

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of 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 Notes 1 (C) and 1 (D) to the Board's financial statements.

NOTE 3. RELATIONSHIP OF GENERAL PURPOSE FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$40,469 for the general fund and (\$110) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 25,118	\$ 1,625,267	\$ 1,650,385
Special Revenue Fund	188,012		188,012
Debt Service Fund		1,007	1,007
Food Service Fund	<u>27,745</u>	<u>1,407</u>	<u>29,152</u>
	<u>\$ 240,875</u>	<u>\$ 1,627,681</u>	<u>\$ 1,868,556</u>

CLINTON-GLEN GARDNER SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2011

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. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: _____ Unqualified _____

Internal Control Over Financial Reporting:

1. Material weakness(es) identified? _____ Yes X No
2. Reportable conditions identified
that are not considered to be material
weaknesses? _____ Yes X No

Noncompliance Material to Financial Statements Noted? _____ Yes X No

Federal Awards _____ NOT APPLICABLE _____

Internal Control Over Major Programs:

1. Material weakness(es) identified? _____ Yes _____ No
2. Reportable conditions identified
that are not considered to be material
weaknesses? _____ Yes _____ No

Type of Auditor's Report Issued on Compliance
for Major Programs? _____

Any Audit Findings Disclosed that are Required
to be Reported in Accordance with Section .510
(a) of Circular A-133 _____ Yes _____ No

Identification of Major Programs:

CFDA Numbers Amount Name of Federal Program

CLINTON-GLEN GARDNER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: _____

Auditee qualified as a low-risk auditee Yes No

State Awards

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: \$300,000

Auditee Qualified as low-risk auditee X Yes No

Type of Auditor's Report Issued on Compliance
for Major Programs: Unqualified

Internal Control Over Major Programs:
1. Material weakness(es) identified? Yes X No
2. Reportable conditions identified
that are not considered to be material
weaknesses? Yes X No

Any Audit Findings Disclosed That are Required
to be Reported in Accordance with NJ OMB
Circular Letter 04-04? Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
11-495-034-5120-078	\$ 634,110	Equalization Aid
11-495-034-5095-002	279,636	Social Security
11-495-034-5120-085	259,301	Adjustment Aid

CLINTON-GLEN GARDNER SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2011.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2011.

CLINTON-GLEN GARDNER SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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There were no prior year findings or questioned costs.