

**CRESSKILL BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**County of Bergen, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Cresskill Board of Education**

**County of Bergen, New Jersey**

**For The Fiscal Year Ended June 30, 2011**

**Prepared by**

**Finance Department**

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## INTRODUCTORY SECTION

# CRESSKILL PUBLIC SCHOOLS

*One Lincoln Drive  
Cresskill, NJ 07626*

*Phone: (201) 227-7791 Ext1206, Fax :( 201) 567-7976*

November 18, 2011

Honorable President and  
Members of the Board of Education  
Cresskill School District  
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Cresskill School District ("The District") for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education ("The Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A) and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, as amended, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular OMB 04-04. Information related to this single audit, including the auditors' 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:** Cresskill School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Cresskill Board of Education and all its schools constitute the District's reporting entity.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include advanced placement, regular and vocational as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an enrollment of 1,745 students, which is 3 students greater than the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal</u> <u>Year</u>	<u>Student</u> <u>Enrollment</u>	<u>Percent</u> <u>Change</u>
2010-11	1,745	.17
2009-10	1,742	2.96
2008-09	1,692	.35
2007-08	1,686	2.06
2006-07	1,652	2.54
2005-06	1,611	2.35
2004-05	1,574	2.61
2003-04	1,534	5.65
2002-03	1,452	3.13
2001-02	1,408	5.43

**2. ECONOMIC CONDITION AND OUTLOOK:** The Borough of Cresskill continues to grow at a steady rate despite the economic climate in the region. The state mandates and potential legislation on property tax may affect enrollment in the future.

**3. MAJOR INITIATIVES:** The main focus of the 2010-2011 school year is to continue to upgrade technology district wide. This includes but not limited to desktops, laptop carts and smart boards and the broadcast studio. Staff development which includes Global Learning, Differentiation and Genesis is also an integral part of the technology initiative. In regard to facilities, renovations and repairs are planned for the tennis courts, high school soccer field and the retaining wall at Edward H. Bryan School. We are planning on purchasing band uniforms and equipment. We are also planning to install solar panels on the middle school/high school roof through a power purchase agreement.

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

As 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's 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, Special Revenue and Debt Service Funds. Project length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

**6. ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

**7. FINANCIAL INFORMATION AT FISCAL YEAR -END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

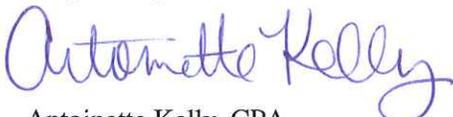
**8. CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the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

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

**10. OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act, as amended, and the related OMB Circular A-133 and State Treasury Circular OMB 04-04. The auditors' report on the basic financial statements is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

**11. ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Cresskill 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,

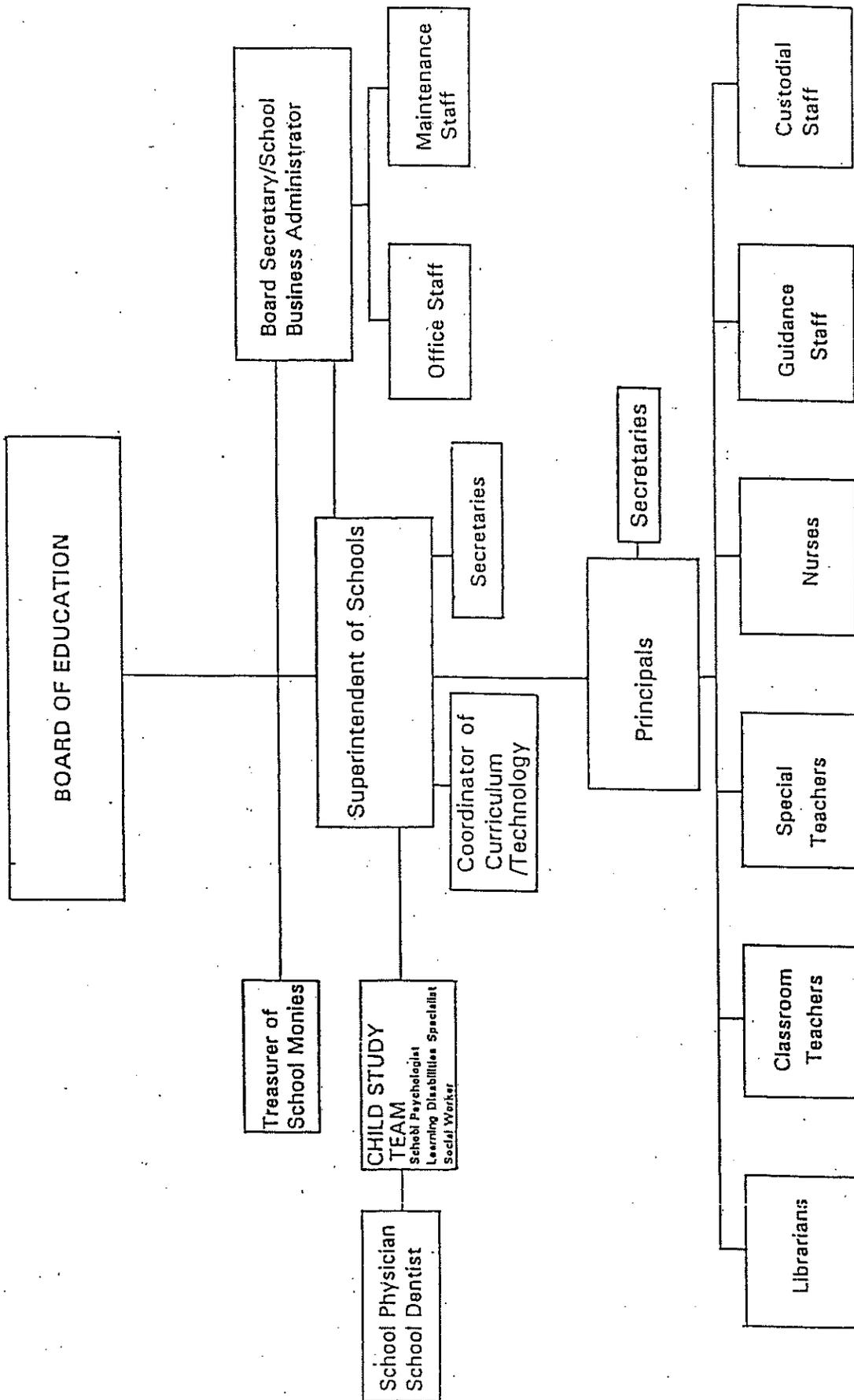


Antoinette Kelly, CPA  
Business Administrator/Board Secretary



Dr. Loretta Bellina  
Superintendent

# ORGANIZATIONAL CHART - CRESSKILL PUBLIC SCHOOLS



**CRESSKILL BOARD OF EDUCATION  
CRESSKILL, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Denise Villani, President	2014
John Park, Vice-President	2014
Noelle Alfonso	2013
Bill Anastassatos	2012
Mary Klein	2014
Joseph Lepore	2013
Maria Lucibello	2013
Tricia Miraldi	2012
Robert C. Reinemann	2012

Other Officials

Dr. Loretta Bellina, Superintendent

Antoinette Kelly, CPA, Business Administrator/Board Secretary

**CRESSKILL BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS**

**Architect**

LAN Associates, Engineering, Planning,  
Architecture, Surveying, Inc.  
445 Godwin Avenue  
Midland Park, NJ 07432

**Audit Firm**

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

**Attorney**

Fogarty & Hara, Inc.  
16-00 Route 208 South  
Fair Lawn, NJ 07410

**Official Depository**

TD Bank  
1100 Lake Street  
Ramsey, NJ 07446

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Cresskill Board of Education  
Cresskill, 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 Cresskill Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

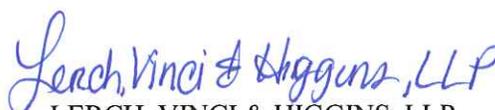
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by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

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

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2011 on our consideration of the Cresskill Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

  
Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
November 18, 2011

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# CRESSKILL BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2011

This section of Cresskill Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2010-2011 fiscal year include the following:

- The assets of the Cresskill Board of Education exceeded its liabilities at the close of the fiscal year by \$12,302,126.
- The District's total net assets increased \$616,779.
- Overall District revenues were \$28,204,208. General revenues accounted for \$23,825,644 or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,378,564 or 16% of total revenues.
- Overall District expenses were \$27,587,429. Governmental activities expenses accounted for \$27,215,867 or 99% and business-type activities expenses accounted for \$371,562 or 1%.
- The school district had \$27,215,867 in expenses for governmental activities; only \$4,012,881 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$23,825,096 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$820,666. Of this amount, \$226,725 (28%) is reserved for future budgets and \$225,000 (27%) is reserved for capital projects.
- The General Fund unassigned budgetary fund balance at the close of the current fiscal year was \$676,356 which represented a decrease of \$6,546 from the previous year.

# CRESSKILL BOARD OF EDUCATION

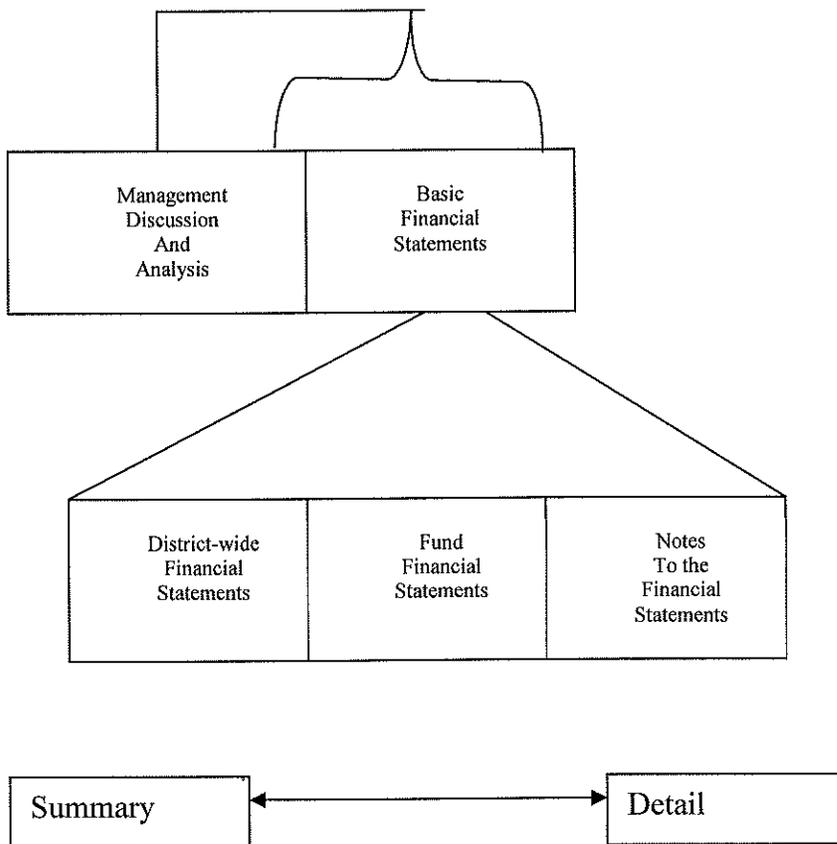
## Management's Discussion and Analysis Year Ended June 30, 2011

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the the activities the district operated like *businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following illustration shows how the various parts of this Annual Report are arranged and related to one another.



# CRESSKILL BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2011

The Table below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

### MAJOR FEATURES OF THE DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district(except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as unemployment, scholarships, student activities, and Payroll deduction.
Required financial Statements	Statements of net assets Statement of activities	Balance Sheet Statement of Revenue, expenditures and changes in fund balances	Statement of Net Assets Statement of revenue, expenses, and changes in fund net assets, Statement of cash flows	Statements of Fiduciary net assets, Statement of changes in fiduciary net assets
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset/liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

#### District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*

# CRESSKILL BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2011

- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operation and maintenance. Property taxes and state aid finance most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprise. The District's food service program and the Community Step to Independence ("CSI") program are included under this category.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
  - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District had two enterprise funds those being the food service (cafeteria) program and the Community Step to Independence ("CSI") Program. During the 2010/2011 school year, the District discontinued the CSI Fund.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**CRESSKILL BOARD OF EDUCATION**

**Management's Discussion and Analysis  
Year Ended June 30, 2011**

**Notes to the Basic Financial Statements**

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

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for the general and special revenue funds as required supplementary information. The required supplementary information can be found following the notes to the basic financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Assets.** The District's *combined* net assets were \$12,302,126 and \$11,685,347 on June 30, 2011 and 2010, respectively, as follows:

**Net Assets  
As of June 30, 2011 and 2010**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 1,303,522	\$ 1,385,357	\$ 68,317	\$ 87,976	\$ 1,371,839	\$ 1,473,333
Capital Assets	<u>32,241,975</u>	<u>32,643,165</u>	<u>10,800</u>	<u>8,943</u>	<u>32,252,775</u>	<u>32,652,108</u>
<b>Total Assets</b>	<u>33,545,497</u>	<u>34,028,522</u>	<u>79,117</u>	<u>96,919</u>	<u>33,624,614</u>	<u>34,125,441</u>
Long-Term Liabilities	20,565,947	21,408,955			20,565,947	21,408,955
Other Liabilities	<u>754,073</u>	<u>1,016,200</u>	<u>2,468</u>	<u>14,939</u>	<u>756,541</u>	<u>1,031,139</u>
<b>Total Liabilities</b>	<u>21,320,020</u>	<u>22,425,155</u>	<u>2,468</u>	<u>14,939</u>	<u>21,322,488</u>	<u>22,440,094</u>
Net Assets						
Invested in capital assets, net of						
Total Capital Assets, Net	12,570,296	12,109,928	10,800	8,943	12,581,096	12,118,871
Restricted	226,725	1			226,725	1
Unrestricted	<u>(571,544)</u>	<u>(506,562)</u>	<u>65,849</u>	<u>73,037</u>	<u>(505,695)</u>	<u>(433,525)</u>
<b>Total Net Assets</b>	<u>\$ 12,225,477</u>	<u>\$ 11,603,367</u>	<u>\$ 76,649</u>	<u>\$ 81,980</u>	<u>\$ 12,302,126</u>	<u>\$ 11,685,347</u>

The District's total net assets of \$12,302,126 at June 30, 2011 represents a \$616,779, or 5% increase from the prior year. By far the largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CRESSKILL BOARD OF EDUCATION

Management's Discussion and Analysis  
Year Ended June 30, 2011

Change in Net Assets  
For The Years Ended June 30, 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1,075,871	\$ 591,877	\$ 340,000	\$ 577,334	\$ 1,415,871	\$ 1,169,211
Operating Grants and Contributions	2,937,010	4,118,917	25,683	28,072	2,962,693	4,146,989
Capital Grants and Contributions		92,129			-	92,129
General Revenues						
Property Taxes	23,531,479	22,663,737			23,531,479	22,663,737
State Aid	17,814	18,901			17,814	18,901
Total Capital Assets, Net	275,803	149,315	548	585	276,351	149,900
<b>Total Revenues</b>	<b>27,837,977</b>	<b>27,634,876</b>	<b>366,231</b>	<b>605,991</b>	<b>28,204,208</b>	<b>28,240,867</b>
<b>Expenses</b>						
Instruction						
Regular	10,691,713	10,701,308			10,691,713	10,701,308
Special Education	4,231,848	3,788,211			4,231,848	3,788,211
Other Instruction	790,651	814,517			790,651	814,517
School Sponsored Activities and Athletics	661,365	675,280			661,365	675,280
Support Services						
Student and Instruction Related Services	3,900,765	3,904,218			3,900,765	3,904,218
General Administrative Services	645,140	522,683			645,140	522,683
School Administrative Services	1,499,294	1,424,952			1,499,294	1,424,952
Central Services/ Admin Info. Tech	556,790	559,109			556,790	559,109
Plant Operations and Maintenance	2,936,208	3,144,414			2,936,208	3,144,414
Pupil Transportation	431,983	544,104			431,983	544,104
Interest on Debt	870,110	905,303			870,110	905,303
Food Services		-	348,468	392,350	348,468	392,350
CSI Program - Non Major	-	-	23,094	211,406	23,094	-
<b>Total Expenses</b>	<b>27,215,867</b>	<b>26,984,099</b>	<b>371,562</b>	<b>603,756</b>	<b>27,587,429</b>	<b>27,587,855</b>
<b>Change in Net Assets</b>	<b>622,110</b>	<b>650,777</b>	<b>(5,331)</b>	<b>2,235</b>	<b>616,779</b>	<b>653,012</b>
<b>Net Assets, Beginning of Year</b>	<b>11,603,367</b>	<b>10,952,590</b>	<b>81,980</b>	<b>79,745</b>	<b>11,685,347</b>	<b>11,032,335</b>
<b>Net Assets, End of Year</b>	<b>\$ 12,225,477</b>	<b>\$ 11,603,367</b>	<b>\$ 76,649</b>	<b>\$ 81,980</b>	<b>\$ 12,302,126</b>	<b>\$ 11,685,347</b>

# CRESSKILL BOARD OF EDUCATION

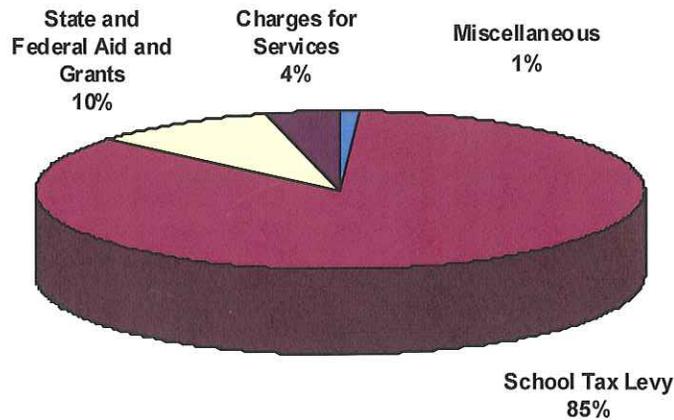
## Management's Discussion and Analysis Year Ended June 30, 2011

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$27,837,977 for the year ended June 30, 2011. Property taxes of \$23,531,479 represented 85% of revenues. Another significant portion of revenues came from State aid; total State, Federal and local aid was \$2,954,824 represented 10% of revenues. In addition, charges for services (tuition) of \$1,075,871 comprise 4% of the total revenues. The remaining revenues are from miscellaneous income which includes items such as interest, prior year refunds and other miscellaneous items and contributions.

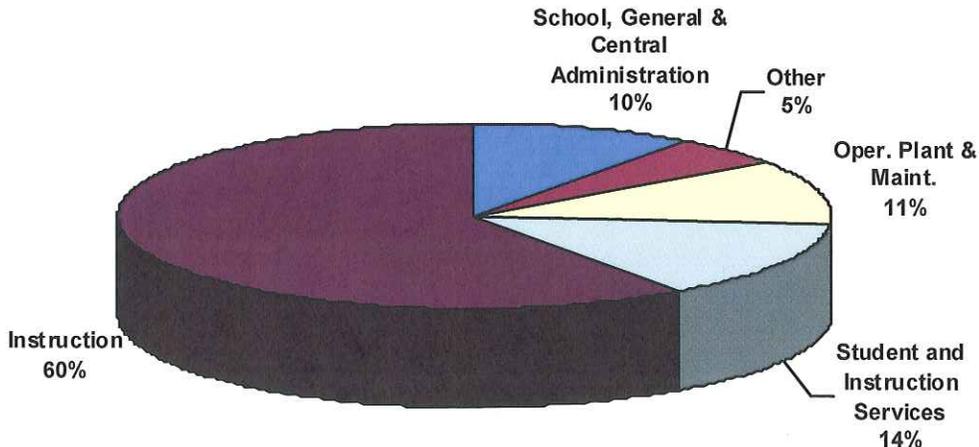
The total cost of all governmental activities programs and services was \$27,215,867. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$16,375,577 (60%) of total expenses. Support services represent \$9,970,180 (37%) of total expenses and interest on debt represents \$870,110 (3%) of total expenses.

Total governmental activities revenues exceeded expenses, increasing net assets \$622,110 from the previous year.

**Revenues by Sources – Governmental Activities  
For Fiscal Year 2011**



**Expenses by Use – Governmental Activities  
For Fiscal Year 2011**



CRESSKILL BOARD OF EDUCATION

Management's Discussion and Analysis  
Year Ended June 30, 2011

**Net Cost of Governmental Activities.** The District's total cost of services was \$27,215,867. After applying program revenues, derived from operating grants and contributions of \$2,937,010 and charges for services of \$1,075,871, the net cost of services of the District is \$23,202,986.

**Total and Net Cost of Governmental Activities  
For The Years Ended June 30, 2011 and 2010**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction				
Regular	\$ 10,691,713	\$ 10,701,308	\$ 9,028,275	\$ 9,050,486
Special Education	4,231,848	3,788,211	2,417,128	1,302,382
Other Instruction	790,651	814,517	698,982	721,264
School Sponsored Activities and Athletics	661,365	675,280	605,688	616,235
Support Services				
Student and Instruction Related Services	3,900,765	3,904,218	3,668,730	3,724,910
General Administrative Services	645,140	522,683	645,140	522,683
Total Capital Assets, Net	1,499,294	1,424,952	1,379,841	1,316,183
Central Services	556,790	559,109	556,790	559,109
Plant Operations and Maintenance	2,936,208	3,144,414	2,925,598	3,023,332
Pupil Transportation	431,983	544,104	425,246	461,478
Interest on Debt	870,110	905,303	851,568	883,114
<b>Total</b>	<b><u>\$ 27,215,867</u></b>	<b><u>\$ 26,984,099</u></b>	<b><u>\$ 23,202,986</u></b>	<b><u>\$ 22,181,176</u></b>

**Business-Type Activities** – The District's total business-type activities revenues were \$366,231 for the year ended June 30, 2011. Charges for services accounted for 93% of total revenues. Operating grants and contributions accounted for 7% of total revenue for the year.

Total cost of all business-type activities programs and services was \$371,562. The District's expenses are related to Food Service (Cafeteria) operations and the CSI Program.

Total business-type activities expenses exceeded revenues, decreasing net assets by \$5,331.

**CRESSKILL BOARD OF EDUCATION**

**Management's Discussion and Analysis  
Year Ended June 30, 2011**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**GOVERNMENTAL FUNDS**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financial requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$820,666, an increase of \$173,212 from last year's fund balance. This increase was primarily due to an increase in General Fund fund balance as a result of tuition and other services revenues received in excess of what was originally anticipated and careful budget monitoring and control of spending.

Revenues for the District's governmental funds were \$27,837,977, while total expenses were \$27,664,765 for the fiscal year ended June 30, 2011.

**GENERAL FUND**

The General fund includes the primary operations of the District in providing educational services to students from kindergarten through Grade 12 including transportation and capital outlay activities.

The following schedule presents a comparison of General Fund Revenues.

	<u>Year Ended</u>		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2011</u>	<u>2010</u>		
Local Sources				
Property Taxes	\$ 21,892,509	\$ 21,052,000	\$ 840,509	4%
Tuition	1,075,871	591,877	483,994	82%
Other	275,790	149,028	126,762	85%
State Sources	<u>2,223,659</u>	<u>3,271,250</u>	<u>(1,047,591)</u>	-32%
 Total General Fund Revenues	 <u>\$ 25,467,829</u>	 <u>\$ 25,064,155</u>	 <u>\$ 403,674</u>	 2%

Local property taxes increased by \$840,509 or 4% over the previous year. State aid revenue decreased \$1,047,591 or 32% due to a decrease in state aid allocation. Tuition revenues increased \$483,994 or 82%, as the District experienced a growth in students being received from other LEAs and individuals. Other local sources of revenues increased \$126,762 or 85% which was the result of additional revenues from other LEAs for related services and rental revenues over the previous year.

**CRESSKILL BOARD OF EDUCATION**

**Management's Discussion and Analysis  
Year Ended June 30, 2011**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)**

**GENERAL FUND (Continued)**

The following schedule presents a comparison of General Fund expenditures.

	Year Ended		Amount of Increase (Decrease)	Percent Increase (Decrease)
	2011	2010		
Instruction	\$ 15,778,487	\$ 15,248,735	\$ 529,752	3.47%
Support Services	9,061,556	9,174,219	(112,663)	-1.23%
Debt Service	69,951	151,140	(81,189)	-53.72%
Capital Outlay	<u>384,636</u>	<u>75,599</u>	<u>309,037</u>	408.78%
 Total Expenditures	 <u>\$ 25,294,630</u>	 <u>\$ 24,649,693</u>	 <u>\$ 644,937</u>	 2.62%

Total General Fund expenditures increased \$644,937 or 12% from the previous year. The majority of this increase can be attributed to an increase in capital outlay most notably for renovations to auditorium and tennis courts.

In 2010-2011 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$173,199. Therefore, total fund balance increased to \$820,667 at June 30, 2011. After deducting statutory reserves and designations, the unassigned fund balance increased from \$236,457 at June 30, 2010 to \$316,743 at June 30, 2011.

**CAPITAL ASSET ADMINISTRATION**

At the end of fiscal years 2011 and 2010, the District had \$41,085,961 and \$40,604,599 invested in land, buildings, furniture, equipment and vehicles for the governmental activities and \$136,521 and \$133,652 for business-type activities. The following compares the June 30, 2011 and 2010 balances.

**CRESSKILL BOARD OF EDUCATION**

**Management's Discussion and Analysis  
Year Ended June 30, 2011**

**CAPITAL ASSET ADMINISTRATION (Continued)**

Capital Assets  
at June 30, 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 48,630	\$ 48,630			\$ 48,630	\$ 48,630
Improvements Other Than Buildings	688,743	524,148			688,743	524,148
Buildings and Building Improvements	39,087,757	38,970,595			39,087,757	38,970,595
Machinery and Equipment	1,260,831	1,061,226	\$ 136,521	\$ 133,652	1,397,352	1,194,878
	41,085,961	40,604,599	136,521	133,652	41,222,482	40,738,251
Less Accumulated Depreciation	<u>(8,843,986)</u>	<u>(7,961,434)</u>	<u>(125,721)</u>	<u>(124,709)</u>	<u>(8,969,707)</u>	<u>(8,086,143)</u>
<b>Total Capital Assets, Net</b>	<b>\$ 32,241,975</b>	<b>\$ 32,643,165</b>	<b>\$ 10,800</b>	<b>\$ 8,943</b>	<b>\$ 32,252,775</b>	<b>\$ 32,652,108</b>

Additional information on the District's capital assets are presented in the "Notes to the Basic Financial Statements" of this report.

**LONG TERM LIABILITIES**

At June 30, 2011 the District had \$20,573,142 of outstanding debt. Of this amount, \$817,919 is for compensated absences; \$19,675,000 is for bonds payable and \$80,223 is for capital leases/lease purchase agreements payable. This is in comparison to long-term liabilities at June 30, 2010 consisting of compensated absences of \$792,840, bonds payable of \$20,480,000 and capital leases of \$144,338.

Outstanding Long-Term Debt  
at June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Bonds Payable	\$ 19,675,000	\$ 20,480,000
Capital Leases/Lease Purchase Agreements Payable	80,223	144,338
Compensated Absences	<u>817,919</u>	<u>792,840</u>
	<u>\$ 20,573,142</u>	<u>\$ 21,417,178</u>

Additional information on the District's long-term liabilities is presented in the "Notes to the Basic Financial Statements" of this report.

# CRESSKILL BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2011

### **General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating prior year purchase orders being carried over as encumbrances.
- Increases in appropriations for significant unbudgeted costs.

General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses increasing budgetary fund balance \$86,367 from the previous year. After deducting statutory reserves and designations, the unassigned budgetary fund balances decreased \$6,546 from \$682,902 at June 30, 2010 to \$676,356 at June 30, 2011.

### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

While many factors influence the district's future, the availability of funding for special education needs and the economy will have the most impact on educational and fiscal decisions in the future.

Currently, the District is in good financial condition. Everyone associated with the Cresskill School District is grateful for the community support of the schools. A major concern is continued enrollment growth and the need to address the District's facility needs in each of its three schools, while maintaining small class sizes and continuing to be sensitive to the increasing reliance on property taxes. This, in an environment of flat state aid support and increases in State mandates, means an ever-increasing utilization of the current District's resources without compromising educational programs.

These indicators were considered when adopting the budget for fiscal year 2011-2012. Budgeted expenditures in the General Fund increased 2 percent to \$23,905,363 in fiscal year 2011-2012. Increases in contractual payroll, employee benefits, tuition and energy costs are the primary reasons for the increase.

In conclusion, the Cresskill School District has committed itself to financial excellence for many years. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Cresskill Board of Education, One Lincoln Drive, Cresskill, NJ 07626.

**BASIC FINANCIAL STATEMENTS**

**CRESSKILL BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,081,428	\$ 62,414	\$ 1,143,842
Receivables, net	138,550	2,448	140,998
Inventory		3,455	3,455
Deferred Charge	83,544		83,544
Capital Assets			
Capital assets not being depreciated	48,630		48,630
Capital assets being depreciated	<u>32,193,345</u>	<u>10,800</u>	<u>32,204,145</u>
Total Assets	<u>33,545,497</u>	<u>79,117</u>	<u>33,624,614</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	350,646	1,882	352,528
Payable to Other Governments	25,152		25,152
Accrued Interest Payable	354,761		354,761
Unearned Revenue	23,514	586	24,100
Noncurrent Liabilities			
Due within one year	914,209		914,209
Due beyond one year	<u>19,651,738</u>	<u>-</u>	<u>19,651,738</u>
Total Liabilities	<u>21,320,020</u>	<u>2,468</u>	<u>21,322,488</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	12,570,296	10,800	12,581,096
Restricted for			
Capital Projects	225,000		
Debt Service	1,725		1,725
Unrestricted	<u>(571,544)</u>	<u>65,849</u>	<u>(280,695)</u>
Total Net Assets	<u>\$ 12,225,477</u>	<u>\$ 76,649</u>	<u>\$ 12,302,126</u>

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

**CRESKILL BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 10,691,713	\$ 323,926	\$ 1,339,512		\$ (9,028,275)	\$	\$ (9,028,275)
Special Education	4,231,848	751,945	1,062,775		(2,417,128)		(2,417,128)
Other Instruction	790,651		91,669		(698,982)		(698,982)
School Sponsored Activities and Athletics	661,365		55,677		(605,688)		(605,688)
Support Services:							
Student & Instruction Related Services	3,900,765		232,035		(3,668,730)		(3,668,730)
General Administrative Services	645,140				(645,140)		(645,140)
School Administrative Services	1,499,294		119,453		(1,379,841)		(1,379,841)
Central Services/Admin Info.	556,790				(556,790)		(556,790)
Plant Operations and Maintenance	2,936,208		10,610		(2,925,598)		(2,925,598)
Pupil Transportation	431,983		6,737		(425,246)		(425,246)
Interest on Long-Term Debt	870,110		18,542		(851,568)		(851,568)
Total Governmental Activities	27,215,867	1,075,871	2,937,010	-	(23,202,986)	-	(23,202,986)
Business-Type Activities:							
Food Service	348,468	340,000	25,683	-	-	\$ 17,215	17,215
CSI Program - Non Major	23,094	-	-	-	-	(23,094)	(23,094)
Total Business-Type Activities	371,562	340,000	25,683	-	-	(5,879)	(5,879)
Total Primary Government	\$ 27,587,429	\$ 1,415,871	\$ 2,962,693	\$ -	(23,202,986)	(5,879)	(23,208,865)
General Revenues:							
Taxes:							
Property Taxes, levied for general purposes, net					21,892,509		21,892,509
Property Taxes Levied for Debt Service					1,638,970		1,638,970
State Aid Restricted for Debt Service Principal					17,814		17,814
Investment Earnings					30,056	548	30,604
Miscellaneous Income					245,747	-	245,747
Total General Revenues					23,825,096	548	23,825,644
Change in Net Assets					622,110	(5,331)	616,779
Net Assets, Beginning of Year					11,603,367	81,980	11,685,347
Net Assets, End of Year					\$ 12,225,477	\$ 76,649	\$ 12,302,126

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

**FUND FINANCIAL STATEMENTS**

**CRESSKILL BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,048,436	\$ 31,267		\$ 1,725	\$ 1,081,428
Receivables, Net					
Receivables From Other Governments	98,992	4,562			103,554
Other Receivables	<u>25,816</u>	<u>9,180</u>	<u>-</u>	<u>-</u>	<u>34,996</u>
Total Assets	<u>\$ 1,173,244</u>	<u>\$ 45,009</u>	<u>\$ -</u>	<u>\$ 1,725</u>	<u>\$ 1,219,978</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 347,811	\$ 2,683			\$ 350,494
Due to Other Funds	152				152
Payable to State Governments		25,152			25,152
Deferred Revenue	<u>6,340</u>	<u>17,174</u>	<u>-</u>	<u>-</u>	<u>23,514</u>
Total Liabilities	<u>354,303</u>	<u>45,009</u>	<u>-</u>	<u>-</u>	<u>399,312</u>
Fund Balances:					
Restricted Fund Balance					
Capital Reserve	225,000				225,000
Debt Service				\$ 1,725	1,725
Committed Fund Balance					
Year-End Encumbrances	33,731				33,731
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures	225,000				225,000
Year-End Encumbrances	18,467				18,467
Unassigned Fund Balance	<u>316,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,743</u>
Total Fund Balances	<u>818,941</u>	<u>-</u>	<u>-</u>	<u>1,725</u>	<u>820,666</u>
Total Liabilities and Fund Balances	<u>\$ 1,173,244</u>	<u>\$ 45,009</u>	<u>\$ -</u>	<u>\$ 1,725</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$41,085,961 and the accumulated depreciation is \$8,843,986. 32,241,975

The District has financed capital assets through the issuance of general obligation bonds and capital leases. The accrued interest at year end is: (354,761)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 2) (20,482,403)

Net Assets of Governmental Activities \$ 12,225,477

**CRESSKILL BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 21,892,509			\$ 1,638,970	\$ 23,531,479
Tuition	1,075,871				1,075,871
Interest and Investment Income	30,043		\$ 13		30,056
Miscellaneous	245,747	\$ 150,447	-	-	396,194
<b>Total - Local Sources</b>	<b>23,244,170</b>	<b>150,447</b>	<b>13</b>	<b>1,638,970</b>	<b>25,033,600</b>
State Sources	2,223,659	68,949		36,356	2,328,964
Federal Sources	-	475,413	-	-	475,413
<b>Total Revenues</b>	<b>25,467,829</b>	<b>694,809</b>	<b>13</b>	<b>1,675,326</b>	<b>27,837,977</b>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	10,409,448	196,287			10,605,735
Special Education Instruction	3,927,023	288,825			4,215,848
Other Instruction	781,751				781,751
School-Sponsored Activities and Athletics	660,265				660,265
Support Services					
Student and Instruction Related Services	3,752,861	112,971			3,865,832
General Administrative Services	645,140				645,140
School Administrative Services	1,526,459				1,526,459
Central Services/Admin Info.	555,965				555,965
Plant Operations and Maintenance	2,149,148				2,149,148
Pupil Transportation	431,983				431,983
Debt Service					
Principal	64,115			805,000	869,115
Interest	5,836			870,326	876,162
Capital Outlay	384,636	96,726	-	-	481,362
<b>Total Expenditures</b>	<b>25,294,630</b>	<b>694,809</b>	<b>-</b>	<b>1,675,326</b>	<b>27,664,765</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	173,199	-	13	-	173,212
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Out			(1,724)		(1,724)
Transfers In	-	-	-	1,724	1,724
<b>Total Other Financing Sources and Uses</b>	<b>-</b>	<b>-</b>	<b>(1,724)</b>	<b>1,724</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>173,199</b>	<b>-</b>	<b>(1,711)</b>	<b>1,724</b>	<b>173,212</b>
Fund Balance, Beginning of Year	645,742	-	1,711	1	647,454
<b>Fund Balance, End of Year</b>	<b>\$ 818,941</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,725</b>	<b>\$ 820,666</b>

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

**CRESSKILL BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ 173,212

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 exceeded capital outlay in the period.

Depreciation expense	\$ (882,552)	
Capital outlays	<u>481,362</u>	(401,190)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount represents the net effect of these activities:

Principal Repayments:		
General Obligation/Refunding Bonds	805,000	
Capital Lease Obligations	<u>64,115</u>	869,115

Governmental Funds report the effect of issuance costs, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Deferred Amount on Refunding	(4,485)	
Amortization of Original Issuance Premium	3,457	
Amortization - Bond Issuance Costs	<u>(7,557)</u>	(8,585)

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

Decrease in Accrued Interest		14,637
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In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.

Compensated Absences		<u>(25,079)</u>
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**Change in Net Assets of Governmental Activities** \$ 622,110

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

**CRESSKILL BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF NET ASSETS  
JUNE 30, 2011**

	<u>Food Services</u>	<u>Non-Major Enterprise Fund</u>	<u>Business-Type Activities Enterprise Funds Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 62,414		\$ 62,414
Intergovernmental Receivable			
State	55		55
Federal	729		729
Other Receivable	1,664		1,664
Inventories	3,455	-	3,455
	<hr/>	<hr/>	<hr/>
Total Current Assets	68,317	-	68,317
Capital Assets			
Furniture, Machinery and Equipment	136,521		136,521
Less: Accumulated Depreciation	(125,721)	-	(125,721)
	<hr/>	<hr/>	<hr/>
Total Capital Assets, Net	10,800	-	10,800
	<hr/>	<hr/>	<hr/>
Total Assets	79,117	-	79,117
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	1,882		1,882
Unearned Revenue	586	-	586
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	2,468	-	2,468
	<hr/>	<hr/>	<hr/>
<b>NET ASSETS</b>			
Invested in Capital Assets	10,800		10,800
Unrestricted	65,849	-	65,849
	<hr/>	<hr/>	<hr/>
Total Net Assets	\$ 76,649	\$ -	\$ 76,649
	<hr/>	<hr/>	<hr/>

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

**CRESSKILL BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Food Services</u>	<u>Non-Major Enterprise Fund</u>	<u>Business-Type Activities Enterprise Funds Totals</u>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales-Reimbursable Programs	\$ 338,192		\$ 338,192
Other Sales- Special Functions	1,808	-	1,808
Total Operating Revenues	340,000	-	340,000
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	127,368		127,368
Cost of Sales	141,123		141,123
Management Fee	13,638		13,638
Other Purchased Services	3,369		3,369
Other Supplies/Services	43,866		43,866
Repairs	18,092		18,092
Refunds		\$ 23,094	23,094
Depreciation	1,012	-	1,012
Total Operating Expenses	348,468	23,094	371,562
Operating Income (Loss)	(8,468)	(23,094)	(31,562)
<b>NONOPERATING REVENUES</b>			
State Sources			
State School Lunch Program	1,298		1,298
Federal Sources			
National School Lunch Program	21,697		21,697
Special Milk Program	2,688		2,688
Interest	548	-	548
Total Nonoperating Revenues	26,231	-	26,231
Change in Net Assets	17,763	(23,094)	(5,331)
Total Net Assets - Beginning of Year	58,886	23,094	81,980
Total Net Assets - End of Year	\$ 76,649	\$ -	\$ 76,649

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

**CRESSKILL BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Food Services</u>	<u>Non-Major Enterprise Fund</u>	<u>Business-Type Activities Enterprise Funds Totals</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 340,000		\$ 340,000
Cash Received for Program Fees		\$ 4,730	4,730
Cash Payments for Salaries and Benefits	(127,368)		(127,368)
Cash Payments to Suppliers for Goods and Services	(224,317)		(224,317)
Cash Payments for Refunds	-	(23,094)	(23,094)
	<u>(11,685)</u>	<u>(18,364)</u>	<u>(30,049)</u>
Net Cash Provided (Used) by Operating Activities			
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from State and Federal Subsidy Reimbursements	17,007	-	17,007
	<u>17,007</u>	<u>-</u>	<u>17,007</u>
Net Cash Provided by Noncapital Financing Activities			
<b>Cash Flows from Capital And Related Financing Activities</b>			
Purchase of Capital Assets	(2,869)	-	(2,869)
	<u>(2,869)</u>	<u>-</u>	<u>(2,869)</u>
Net cash Provided (Used) by Capital and Related Financing Activities			
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	548	-	548
	<u>548</u>	<u>-</u>	<u>548</u>
Net Cash Provided by Investing Activities			
Net Increase/ (Decrease) in Cash and Cash Equivalents	3,001	(18,364)	(15,363)
Cash and Cash Equivalents, Beginning of Year	59,413	18,364	77,777
	<u>59,413</u>	<u>18,364</u>	<u>77,777</u>
Cash and Cash Equivalents, End of Year	\$ 62,414	\$ -	\$ 62,414
	<u>\$ 62,414</u>	<u>\$ -</u>	<u>\$ 62,414</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>			
Operating Income/(Loss)	\$ (8,468)	\$ (23,094)	\$ (31,562)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	1,012		1,012
Food Distribution (USDA Commodities) National School Lunch	8,614		8,614
Change in Assets and Liabilities			
(Increase)/Decrease in Other Accounts Receivable	153	4,730	4,883
(Increase)/Decrease in Inventory	(525)		(525)
Increase/(Decrease) in Accounts Payable	(12,329)		(12,329)
Increase/(Decrease) in Unearned Revenue	(142)	-	(142)
	<u>(3,217)</u>	<u>4,730</u>	<u>1,513</u>
Total Adjustments			
Net Cash Used by Operating Activities	\$ (11,685)	\$ (18,364)	\$ (30,049)
	<u>\$ (11,685)</u>	<u>\$ (18,364)</u>	<u>\$ (30,049)</u>
<b>Non-Cash Financing Activities</b>			
Fair Value of Food Distribution Program- National School Lunch Program	\$ 8,614		
	<u>\$ 8,614</u>		

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

**CRESSKILL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Unemployment Compensation Trust Fund</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 44,845	\$ 67,676	\$ 236,169
Due from Other Funds	<u>-</u>	<u>-</u>	<u>152</u>
Total Assets	<u>44,845</u>	<u>67,676</u>	<u>\$ 236,321</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings Payable			\$ 100,834
Intergovernmental Payable - State	6,019		
Due to Student Groups	<u>-</u>	<u>-</u>	<u>135,487</u>
Total Liabilities	<u>6,019</u>	<u>-</u>	<u>\$ 236,321</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 38,826</u>	<u>\$ 67,676</u>	

**CRESSKILL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b><u>Scholarship Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
Employees	\$ 30,061	
Private	-	\$ 19,535
	<hr/>	<hr/>
Total Contributions	30,061	19,535
Investment Earnings		
Interest	450	445
	<hr/>	<hr/>
Total Additions	30,511	19,980
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Scholarship Awards		24,600
Unemployment Claims and Contributions	63,637	-
	<hr/>	<hr/>
Total Deductions	63,637	24,600
	<hr/>	<hr/>
Change in Net Assets	(33,126)	(4,620)
Net Assets, Beginning of the Year	71,952	57,122
Prior Period Adjustment	-	15,174
	<hr/>	<hr/>
Net Assets, End of the Year	\$ 38,826	\$ 67,676
	<hr/>	<hr/>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. Basic Financial Statements**

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

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

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

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basic Financial Statements (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental and its food service enterprise fund to be major funds.

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

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

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

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

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

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

The *Community Step to Independence ("CSI")* fund accounts for the activities of the education program which provides life skills training to special education students aged 18-21.

Additionally, the government reports the following fund type:

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and of the Community Steps to Independence ("CSI") enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

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

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**1. *Deposits and Investments***

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

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

**2. *Receivables and Payables***

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

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

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

*Tuition Expenditures* - Tuition charges for the fiscal years 2009-2010 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

**3. *Inventories***

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**4. *Capital Assets***

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	20
Heavy Equipment	10
Office Equipment and Furniture	10
Computer Equipment	5

**5. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**6. *Long-term obligations***

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

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**7. *Fund Equity***

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3.)

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

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Year-End Encumbrances* – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

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

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

**8. *Reclassifications***

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

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$20,482,403 difference are as follows:

Bonds Payable	\$ 19,675,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(31,392)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(83,544)
Add: Issuance premium (to be amortized as interest expense)	24,197
Capital leases payable	80,223
Compensated absences	<u>817,919</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u>\$ 20,482,403</u>

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original budget by \$1,070,764. The increase was funded by prior year extraordinary aid appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

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

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

**B. Capital Reserve**

A capital reserve account was established by the District on October 2, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Balance, July 1, 2010	\$ -
Increases	
Deposits Approved by Board Resolution	<u>225,000</u>
Balance, June 30, 2011	<u>\$ 225,000</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects is \$5,195,700.

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$1,492,532 and bank balances of the Board's cash and deposits amounted to \$2,113,463. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>2,113,463</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk.. However, none of the District's bank balances were exposed to custodial credit risk.

**Investments**

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

As of June 30, 2011, the Board had no outstanding investments.

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

**B. Receivables**

Receivables as of June 30, 2011 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 25,816	\$ 9,180	\$ 1,664	\$ 36,660
Intergovernmental	<u>98,992</u>	<u>4,562</u>	<u>784</u>	<u>104,338</u>
 Total Receivables	 <u>\$ 124,808</u>	 <u>\$ 13,742</u>	 <u>\$ 2,448</u>	 <u>\$ 140,998</u>

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables (Continued)**

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

	<u>Unearned</u>
General Fund	
Tuition Charges Receivable	\$ 6,340
Special Revenue Fund	
Grant drawdowns reserved for encumbrances	<u>17,174</u>
Total deferred revenue for governmental funds	<u>\$23,514</u>

**C. Capital Assets**

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

	<u>Balance, July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2011</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 48,630	-	-	\$ 48,630
Total Capital Assets, Not Being Depreciated	<u>48,630</u>	<u>-</u>	<u>-</u>	<u>48,630</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	38,970,595	\$ 117,162		39,087,757
Improvements Other Than Buildings	524,148	164,595		688,743
Machinery and Equipment	1,061,226	199,605	-	1,260,831
Total Capital Assets Being Depreciated	<u>40,555,969</u>	<u>481,362</u>	<u>-</u>	<u>41,037,331</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(6,643,184)	(779,413)		(7,422,597)
Improvements Other Than Buildings	(453,926)	(26,208)		(480,134)
Machinery and Equipment	(864,324)	(76,931)	-	(941,255)
Total Accumulated Depreciation	<u>(7,961,434)</u>	<u>(882,552)</u>	<u>-</u>	<u>(8,843,986)</u>
Total Capital Assets, Being Depreciated, Net	<u>32,594,535</u>	<u>(401,190)</u>	<u>-</u>	<u>32,193,345</u>
Governmental Activities Capital Assets, Net	<u>\$ 32,643,165</u>	<u>\$ (401,190)</u>	<u>\$ -</u>	<u>\$ 32,241,975</u>

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

	Balance, <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2011</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 133,652	\$ 2,869	-	\$ 136,521
Total Capital Assets Being Depreciated	<u>133,652</u>	<u>2,869</u>	<u>-</u>	<u>136,521</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(124,709)	(1,012)	-	(125,721)
Total Accumulated Depreciation	<u>(124,709)</u>	<u>(1,012)</u>	<u>-</u>	<u>(125,721)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,943</u>	<u>1,857</u>	<u>-</u>	<u>10,800</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,943</u>	<u>\$ 1,857</u>	<u>\$ -</u>	<u>\$ 10,800</u>

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

**Governmental activities:**

Instruction		
Regular		\$ 66,996
Total Instruction		<u>66,996</u>
Support Services		
Support Services-Students		28,313
School Administration		3,933
Operations and Maintenance of Plant		783,310
Total Support Services		<u>815,556</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 882,552</u>
Business-Type Activities:		
Food Service Fund		\$ 1,012
Total Depreciation Expense-Business-Type Activities		<u>\$ 1,012</u>

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2011, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Payroll Agency	General Fund	\$ 152
Total		<u>\$ 152</u>

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

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

**Interfund transfers**

	<u>Transfer In:</u>	
	<u>Debt Service</u>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	\$ 1,724	\$ 1,724
	<u>\$ 1,724</u>	<u>\$ 1,724</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**E. Leases**

**Capital Leases**

The District is leasing copiers, communication equipment and computers totaling \$292,099 under capital leases. The leases are for terms of 3 to 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	<u>\$ 292,099</u>

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Leases (Continued)**

**Capital Leases (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 63,234
2013	<u>21,508</u>
Total minimum lease payments	84,742
Less: amount representing interest	<u>(4,519)</u>
Present value of minimum lease payments	<u>\$ 80,223</u>

**F. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2011 are comprised of the following issues:

\$20,383,000, 2005 Bonds, due in annual installments of \$605,000 to \$990,000 through February 1, 2031, interest at 4.375%	\$17,645,000
\$2,520,000, 2008 Refunding Bonds, due in annual installments of \$230,000 to \$270,000 through August 1, 2018, interest at 3.0% to 5.0%	<u>2,030,000</u>
	<u>\$19,675,000</u>

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**General Obligation Bonds (Continued)**

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

**Governmental Activities:**

Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2012	\$ 835,000	\$ 838,124	\$ 1,673,124
2013	875,000	804,456	1,679,456
2014	910,000	768,940	1,678,940
2015	945,000	732,075	1,677,075
2016	990,000	693,326	1,683,326
2017-2021	5,295,000	2,813,747	8,108,747
2022-2026	4,945,000	1,716,969	6,661,969
2027-2031	4,880,000	634,375	5,514,375
	<u>\$ 19,675,000</u>	<u>\$ 9,002,012</u>	<u>\$ 28,677,012</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 99,995,063
Less: Net Debt	<u>19,675,000</u>
Remaining Borrowing Power	<u>\$ 80,320,063</u>

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Changes in long-term liabilities**

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Bonds Payable	\$ 20,480,000		\$ (805,000)	\$ 19,675,000	\$ 835,000
Add:					
Unamortized Premiums	27,654		(3,457)	24,197	
Less:					
Unamortized Amount of Refunding	<u>(35,877)</u>	<u>-</u>	<u>4,485</u>	<u>(31,392)</u>	<u>-</u>
Bonds Payable, Net	20,471,777	-	(803,972)	19,667,805	835,000
Capital Leases/Lease Purchase Agreements	144,338		(64,115)	80,223	59,209
Compensated Absences	<u>792,840</u>	<u>-</u>	<u>25,079</u>	<u>817,919</u>	<u>20,000</u>
Governmental activity					
Long-term liabilities	<u>\$ 21,408,955</u>	<u>\$ -</u>	<u>\$ (843,008)</u>	<u>\$ 20,565,947</u>	<u>\$ 914,209</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

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

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

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

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

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

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 30,061	\$ 63,637	\$ 38,826
2010	30,813	75,082	71,952
2009	28,604	31,336	115,448

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2011, the District had no estimated arbitrage earnings due to the IRS.

**D. Employee Retirement Systems and Pension Plans**

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

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

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

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

**Other Pension Funds**

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

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Other Pension Funds (Continued)**

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

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

**Significant Legislation**

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Significant Legislation (Continued)**

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**Funding Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

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

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

**Actuarial Methods and Assumptions**

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

**CRESSKILL BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Year Ended</u> <u>June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2011	\$ 256,882	\$ 36,178	\$ 2,512
2010	204,347	37,479	
2009	176,360	36,419	

During the last three fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$36,178, \$37,479 and \$36,419 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$909,553 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**E. Post-Retirement Medical Benefits**

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

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

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

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

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

**Basis of Accounting**

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

**Significant Legislation**

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Post-Retirement Medical Benefits Contributions (Continued)**

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$768,417, \$694,786 and \$682,381, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 6 PRIOR PERIOD ADJUSTMENT**

The District recorded a prior period adjustment to its July 1, 2010 Scholarship Fund net assets to reflect an additional scholarship account previously omitted from the financial statements.

**BUDGETARY COMPARISON SCHEDULE**

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 21,892,509		\$ 21,892,509	\$ 21,892,509	
Tuition- Individuals	301,654		301,654	419,191	\$ 117,537
Tuition- Other LEAs	638,597		638,597	656,680	18,083
Related Services Provided to Other LEAs				96,521	96,521
Interest	29,968		29,968	30,043	75
Rentals	89,940		89,940	22,366	(67,574)
Student Activity/Athletic Fee	50,000		50,000	44,227	(5,773)
Miscellaneous	30,000	-	30,000	82,633	52,633
<b>Total Local Sources</b>	<u>23,032,668</u>	<u>-</u>	<u>23,032,668</u>	<u>23,244,170</u>	<u>211,502</u>
State Sources					
Categorical Special Education Aid	63,066		63,066	63,066	
Extraordinary Special Education Costs Aid	99,381		99,381	359,613	260,232
On-behalf TPAF Pension System Contributions (Non-budgeted)					
Non-Contributory Group Life Insurance				36,178	36,178
Post Retirement Medical Benefit Contribution				768,417	768,417
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	909,553	909,553
<b>Total State Sources</b>	<u>162,447</u>	<u>-</u>	<u>162,447</u>	<u>2,136,827</u>	<u>1,974,380</u>
<b>Total Revenues</b>	<u>23,195,115</u>	<u>-</u>	<u>23,195,115</u>	<u>25,380,997</u>	<u>2,185,882</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	378,535	\$ (37,224)	341,311	340,328	983
Grades 1-5	2,455,574	(17,378)	2,438,196	2,427,800	10,396
Grades 6-8	1,482,977	42,000	1,524,977	1,522,880	2,097
Grades 9-12	2,796,659	33,863	2,830,522	2,830,522	
Regular Programs - Home Instruction					
Salaries of Teachers	2,500	(2,500)			
Purchased Professional-Educational Services	1,500	3,599	5,099	5,099	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction		28,141	28,141	28,141	
Other Purchased Services	146,948	33,241	180,189	179,219	970
General Supplies	248,775	14,760	263,535	262,289	1,246
Textbooks	44,010	2,289	46,299	44,415	1,884
<b>Total Regular Programs</b>	<u>7,557,478</u>	<u>100,791</u>	<u>7,658,269</u>	<u>7,640,693</u>	<u>17,576</u>
Special Education					
Cognitive-Mild					
Salaries of Teachers	130,140	(10,308)	119,832	119,832	
Other Salaries for Instruction	45,794	(406)	45,388	45,388	
Purchased Professional-Educational Services	5,000	(5,000)			
Other Purchased Services		588	588	588	
General Supplies	15,000	1,367	16,367	16,362	5
<b>Total Cognitive Mild</b>	<u>195,934</u>	<u>(13,759)</u>	<u>182,175</u>	<u>182,170</u>	<u>5</u>

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Special Education (Continued)</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	\$ 448,759	\$ 1,384	\$ 450,143	\$ 450,143	
Other Salaries for Instruction	115,802	(7,572)	108,230	108,230	
General Supplies	2,470	(1,508)	962	960	\$ 2
Textbooks	2,895	(362)	2,533	2,533	-
<b>Total Learning and/or Language Disabilities</b>	<u>569,926</u>	<u>(8,058)</u>	<u>561,868</u>	<u>561,866</u>	<u>2</u>
<b>Multiple Disabilities</b>					
Salaries of Teachers	53,885	(464)	53,421	53,421	
Other Salaries for Instruction	22,505	(328)	22,177	22,177	
General Supplies	400	609	1,009	1,009	-
<b>Total Multiple Disabilities</b>	<u>76,790</u>	<u>(183)</u>	<u>76,607</u>	<u>76,607</u>	<u>-</u>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	878,645	1,583	880,228	880,228	
Other Salaries for Instruction	12,684	(124)	12,560	12,560	
General Supplies	4,910	(1,010)	3,900	3,900	-
<b>Total Resource Room/Resource Center</b>	<u>896,239</u>	<u>449</u>	<u>896,688</u>	<u>896,688</u>	<u>-</u>
<b>Autism</b>					
Salaries of Teachers		37,543	37,543	37,543	
Other Salaries for Instruction		57,570	57,570	57,570	
Purchased Professional-Educational Services		21,225	21,225	21,225	
General Supplies	-	25,962	25,962	25,284	678
<b>Total Autism</b>	<u>-</u>	<u>142,300</u>	<u>142,300</u>	<u>141,622</u>	<u>678</u>
<b>Preschool Disabled- Part Time</b>					
Salaries of Teachers	70,357	(918)	69,439	69,439	
Other Salaries for Instruction	28,562	(2,028)	26,534	26,534	
General Supplies	5,000	859	5,859	5,859	-
<b>Total Preschool Disabled-Part Time</b>	<u>103,919</u>	<u>(2,087)</u>	<u>101,832</u>	<u>101,832</u>	<u>-</u>
<b>Total Special Education</b>	<u>1,842,808</u>	<u>118,662</u>	<u>1,961,470</u>	<u>1,960,785</u>	<u>685</u>
<b>Basic Skills/Remedial</b>					
Salaries of Teachers	388,618	8,123	396,741	396,741	
General Supplies	300	(300)	-	-	-
<b>Total Basic Skills/Remedial</b>	<u>388,918</u>	<u>7,823</u>	<u>396,741</u>	<u>396,741</u>	<u>-</u>
<b>Bilingual Education</b>					
Salaries of Teachers	271,312	(94,337)	176,975	176,555	420
General Supplies	1,500	(1,500)	-	-	-
<b>Total Bilingual Education</b>	<u>272,812</u>	<u>(95,837)</u>	<u>176,975</u>	<u>176,555</u>	<u>420</u>
<b>School Sponsored Co/Extra Curricular Activities</b>					
Salaries	56,540	12,538	69,078	67,991	1,087
Supplies and Materials	10,975	42,635	53,610	45,200	8,410
Other Objects	9,620	(3,288)	6,332	6,332	-
<b>Total School Sponsored Co/Extra Curricular Activ.</b>	<u>77,135</u>	<u>51,885</u>	<u>129,020</u>	<u>119,523</u>	<u>9,497</u>

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
School Sponsored Athletics					
Salaries	\$ 276,595	\$ 3,618	\$ 280,213	\$ 280,213	
Purchased Services	25,150	(2,589)	22,561	22,561	
Supplies and Materials	37,500	(4,217)	33,283	31,918	\$ 1,365
Other Objects	33,106	(3,411)	29,695	29,695	
Transfer to Cover Deficit (Agency Funds)	50,000	(255)	49,745	49,745	-
<b>Total School Sponsored Athletics</b>	<b>422,351</b>	<b>(6,854)</b>	<b>415,497</b>	<b>414,132</b>	<b>1,365</b>
<b>Total - Instruction</b>	<b>10,561,502</b>	<b>176,470</b>	<b>10,737,972</b>	<b>10,708,429</b>	<b>29,543</b>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	646,615	(57,491)	589,124	589,124	
Tuition to County Voc. School Districts - Regular	126,900	44,400	171,300	171,300	
Tuition to CSSD & Regional Day Schools	117,300	300	117,600	117,600	
Tuition - Private School for the Disabled - Within State	416,871	55,533	472,404	472,404	
Tuition to Priv. Sch. Disabled & Other Leas Spl, O/S State	121,274	735	122,009	122,009	-
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,428,960</b>	<b>43,477</b>	<b>1,472,437</b>	<b>1,472,437</b>	<b>-</b>
Attendance & Social Work					
Purchased Professional & Technical Services	30,000	2,500	32,500	32,500	-
<b>Total Attendance &amp; Social Work</b>	<b>30,000</b>	<b>2,500</b>	<b>32,500</b>	<b>32,500</b>	<b>-</b>
Health Services					
Salaries	223,644	45,589	269,233	269,233	
Purchased Professional & Technical Services	8,200	6,150	14,350	14,350	
Supplies and Materials	2,000	(116)	1,884	1,884	-
<b>Total Health Services</b>	<b>233,844</b>	<b>51,623</b>	<b>285,467</b>	<b>285,467</b>	<b>-</b>
Speech, OT, PT & Related Services					
Salaries	372,431	63,359	435,790	435,790	
Purchased Professional-Educational Services	201,690	(91,509)	110,181	110,181	
Supplies and Materials	4,700	(221)	4,479	4,479	-
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>578,821</b>	<b>(28,371)</b>	<b>550,450</b>	<b>550,450</b>	<b>-</b>
Other Support Services - Students - Extra Services					
Salaries	453,304	23,904	477,208	477,208	
Purchased Professional-Educational Services	189,345	18,492	207,837	206,613	1,224
Supplies and Material	2,400	875	3,275	3,275	-
<b>Total Other Support Services-Students-Extra Svcs</b>	<b>645,049</b>	<b>43,271</b>	<b>688,320</b>	<b>687,096</b>	<b>1,224</b>
Guidance					
Salaries of Other Professional Staff	406,357	(6,804)	399,553	399,553	
Salaries of Secretarial and Clerical Assistants	30,830	142	30,972	30,972	
Purchased Professional-Educational Services	3,500	(1,232)	2,268	2,268	
Other Purchased Services	2,050	(967)	1,083	1,083	
Supplies and Materials	6,950	(4,312)	2,638	2,636	2
<b>Total Guidance</b>	<b>449,687</b>	<b>(13,173)</b>	<b>436,514</b>	<b>436,512</b>	<b>2</b>

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Child Study Team					
Salaries of Other Professional Staff	\$ 475,383	\$ 13,468	\$ 488,851	\$ 488,851	
Salaries of Secretarial and Clerical Assistants	48,505	(6,903)	41,602	41,602	
Purchased Professional-Educational Services	48,400	(16,002)	32,398	32,398	
Misc Purchased Services	250	39	289	289	
Supplies and Materials	500	3,478	3,978	3,978	-
<b>Total Child Study Team</b>	<u>573,038</u>	<u>(5,920)</u>	<u>567,118</u>	<u>567,118</u>	<u>-</u>
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	138,500		138,500	138,500	
Salaries of Other Professional Staff	5,000	2,279	7,279	7,279	
Salaries of Secr and Clerical Assist.	23,500	(8,023)	15,477	15,477	
Other Objects	800	(740)	60	60	-
<b>Total Improvement of Inst. Serv.</b>	<u>167,800</u>	<u>(6,484)</u>	<u>161,316</u>	<u>161,316</u>	<u>-</u>
Educational Media Services/School Library					
Salaries	171,745	6,006	177,751	177,751	
Salaries of Technology Coordinators	112,251	(1,123)	111,128	111,128	
Supplies and Materials	21,169	(2,527)	18,642	18,642	-
<b>Total Educational Media Services/School Library</b>	<u>305,165</u>	<u>2,356</u>	<u>307,521</u>	<u>307,521</u>	<u>-</u>
Instructional Staff Training Services					
Salaries Superv. Of Instruction		1,200	1,200	1,200	
Other Purchased Services	50,000	(12,258)	37,742	37,742	-
<b>Total Instructional Staff Training Services</b>	<u>50,000</u>	<u>(11,058)</u>	<u>38,942</u>	<u>38,942</u>	<u>-</u>
Support Services General Administration					
Salaries	288,350	(4,428)	283,922	283,922	
Legal Services	28,000	7,857	35,857	35,857	
Audit Fees	25,000	(2,600)	22,400	22,400	
Architectural/Engineering Services	14,500	5,250	19,750	12,250	\$ 7,500
BOE Other Purchased Services		50	50	50	
Other Purchased Professional Services	17,390	15,824	33,214	33,214	
Communications/Telephone	38,450	1,159	39,609	38,749	860
Misc. Purchased Services	39,340	(61)	39,279	39,279	
General Supplies	1,000	(680)	320	320	
BOE In-House Training/Meeting Supplies	2,000	(153)	1,847	1,847	
Miscellaneous Expenditures	2,630	26,893	29,523	29,521	2
BOE Membership Dues and Fees	12,900	(931)	11,969	11,969	-
<b>Total Support Services General Administration</b>	<u>469,560</u>	<u>48,180</u>	<u>517,740</u>	<u>509,378</u>	<u>8,362</u>

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 726,774	\$ 20,274	\$ 747,048	\$ 747,048	
Salaries of Other Prof. Staff	143,735	-	143,735	143,735	
Salaries of Secretarial and Clerical Assistants	258,536	(26,139)	232,397	232,397	
Other Purchased Services		1,800	1,800	1,800	
Supplies and Materials	20,064	13,485	33,549	33,549	-
<b>Total Support Services School Administration</b>	<u>1,149,109</u>	<u>9,420</u>	<u>1,158,529</u>	<u>1,158,529</u>	<u>-</u>
Central Services					
Salaries	237,793	29,224	267,017	266,631	\$ 386
Purchased Technical Services	32,722	19,828	52,550	52,550	
Misc. Purchased Services	2,000	7	2,007	2,007	
Supplies and Materials	4,000	73	4,073	4,070	3
Miscellaneous Expenditures	1,450	(45)	1,405	1,405	-
<b>Total Central Services</b>	<u>277,965</u>	<u>49,087</u>	<u>327,052</u>	<u>326,663</u>	<u>389</u>
Admin. Info. Tech					
Salaries	99,050	(50)	99,000	99,000	
Purchased Technical Services	32,100	(62)	32,038	32,038	
Other Purchased Services	13,150	(12,501)	649	649	
Supplies and Materials	14,000	(10,008)	3,992	3,992	-
<b>Total Admin. Info. Tech</b>	<u>158,300</u>	<u>(22,621)</u>	<u>135,679</u>	<u>135,679</u>	<u>-</u>
Required Maintenance for School Facilities					
Salaries	91,942	2,415	94,357	94,357	
Cleaning, Repair and Maintenance Services	199,385	3,196	202,581	201,832	749
General Supplies	15,000	422	15,422	15,422	-
<b>Total Required Maintenance for School Facilities</b>	<u>306,327</u>	<u>6,033</u>	<u>312,360</u>	<u>311,611</u>	<u>749</u>
Custodial Services					
Energy (Gasoline)	2,700	3,151	5,851	3,672	2,179
Salaries	760,352	1,196	761,548	761,548	
Purchased Professional and Technical Services	6,800	3,662	10,462	10,462	
Cleaning, Repair and Maintenance Services	25,040	(17,885)	7,155	7,155	
Rental of Land & Bldg Oth. Than Lease Pur Agrmt	20,000	(10,000)	10,000	10,000	
Other Purchased Property Services	106,125	(11,049)	95,076	94,277	799
Insurance	102,550	(2,843)	99,707	99,707	
General Supplies	72,500	18,781	91,281	91,281	
Energy (Electricity)	434,500	(78,015)	356,485	338,520	17,965
Other Objects	2,000	(1,305)	695	695	
Salaries of Non-Instructional Aides	25,000	(66)	24,934	24,934	
Energy (Natural Gas)	167,500	(70,294)	97,206	90,836	6,370
<b>Total Custodial Services</b>	<u>1,725,067</u>	<u>(164,667)</u>	<u>1,560,400</u>	<u>1,533,087</u>	<u>27,313</u>
Care and Upkeep of Grounds					
Salaries	60,855	(5,056)	55,799	55,799	
Cleaning, Repair, and Maintenance Svc.	16,200	56,666	72,866	69,166	3,700
General Supplies	20,000	21,130	41,130	7,401	33,729
<b>Total Care and Upkeep of Grounds</b>	<u>97,055</u>	<u>72,740</u>	<u>169,795</u>	<u>132,366</u>	<u>37,429</u>

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Contracted Services (Other Than Between Home and School) - Vendors	\$ 94,625	\$ 30,726	\$ 125,351	\$ 114,868	\$ 10,483
Contracted Services ( Sp Ed Stds)-Joint Agreements	298,300	(19,899)	278,401	266,448	11,953
Contracted Services (Reg. Students)-ESCs & CTSAs	40,040	10,627	50,667	50,667	-
Total Student Transportation Services	<u>432,965</u>	<u>21,454</u>	<u>454,419</u>	<u>431,983</u>	<u>22,436</u>
Unallocated Benefits					
Social Security Contributions	275,000	(19,951)	255,049	248,063	6,986
Other Retirement Contributions- PERS	230,000	26,882	256,882	256,882	-
Other Retirement Contributions - Regular (DCRP)	-	2,512	2,512	2,512	-
Unemployment Compensation	205,000	(205,000)	-	-	-
Workmens Compensation	114,000	358	114,358	114,358	-
Health Benefits	2,784,766	(57,151)	2,727,615	2,595,350	132,265
Tuition Reimbursement	25,000	-	25,000	25,000	-
Other Employee Benefits	74,285	34,988	109,273	103,531	5,742
Total Employee Benefits	<u>3,708,051</u>	<u>(217,362)</u>	<u>3,490,689</u>	<u>3,345,696</u>	<u>144,993</u>
On-behalf Contributions					
On-behalf TPAF Pension System Contributions (Non-Budgeted)					
Non-Contributory Group Life Insurance	-	-	-	36,178	(36,178)
Post Retirement Medical Benefit Contribution	-	-	-	768,417	(768,417)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	909,553	(909,553)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,714,148</u>	<u>(1,714,148)</u>
Total Undistributed Expenditures	<u>12,786,763</u>	<u>(119,515)</u>	<u>12,667,248</u>	<u>14,138,499</u>	<u>(1,471,251)</u>
Total Expenditures - Current Expenditures	<u>23,348,265</u>	<u>56,955</u>	<u>23,405,220</u>	<u>24,846,928</u>	<u>(1,441,708)</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Instruction					
Grade 1-5	-	7,096	7,096	7,096	-
Grade 9-12	-	43,789	43,789	43,789	-
School Spons & Other Instr. Prog.	-	5,008	5,008	5,008	-
Undistributed					
Admin Info Technology	-	4,301	4,301	4,301	-
Required Maint. For School Facilities	-	23,198	23,198	23,198	-
Care and Upkeep of Grounds	-	19,487	19,487	19,487	-
Total Equipment	<u>-</u>	<u>102,879</u>	<u>102,879</u>	<u>102,879</u>	<u>-</u>
Facilities Acquisition and Construction Services					
Construction Services	-	281,757	281,757	281,757	-
Other Objects	63,066	-	63,066	63,066	-
Total Facilities Acquisition and Construction Services	<u>63,066</u>	<u>281,757</u>	<u>344,823</u>	<u>344,823</u>	<u>-</u>
Total Capital Outlay	<u>63,066</u>	<u>384,636</u>	<u>447,702</u>	<u>447,702</u>	<u>-</u>
Total Expenditures	<u>23,411,331</u>	<u>441,591</u>	<u>23,852,922</u>	<u>25,294,630</u>	<u>(1,441,708)</u>

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (216,216)	(441,591)	\$ (657,807)	\$ 86,367	\$ 744,174
Other Financing Sources (Uses) Transfer In - Capital Projects	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Sources	(216,216)	(441,591)	(657,807)	86,367	744,174
Fund Balances, Beginning of Year	<u>1,092,187</u>	-	<u>1,092,187</u>	<u>1,092,187</u>	-
Fund Balances, End of Year	<u>\$ 875,971</u>	<u>\$ (441,591)</u>	<u>\$ 434,380</u>	<u>\$ 1,178,554</u>	<u>\$ 744,174</u>
<b>Recapitulation</b>					
Restricted Fund Balance					
Capital Reserve				\$ 225,000	
Committed Fund Balance					
Year-End Encumbrances				33,731	
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures				225,000	
Year-End Encumbrances				18,467	
Unassigned Fund Balance				<u>676,356</u>	
				1,178,554	
Reconciliation to Governmental Funds Statements (GAAP)					
State Aid Revenue Not Recognized on GAAP Basis					
Extraordinary Aid				<u>(359,613)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 818,941</u>	

**CRESSKILL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State		\$ 97,983	\$ 97,983	\$ 72,831	\$ (25,152)
Federal	\$ 83,527	373,494	457,021	449,287	(7,734)
Local Sources					
Miscellaneous	14,454	157,696	172,150	163,738	(8,412)
Total Revenues	<u>97,981</u>	<u>629,173</u>	<u>727,154</u>	<u>685,856</u>	<u>(41,298)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers		16,000	16,000	16,000	
Tuition		288,825	288,825	288,825	
Purchased Professional and Technical Services	191	88,427	88,618	62,442	26,176
Textbooks		10,856	10,856	10,563	293
Supplies	22,298	107,532	129,830	118,455	11,375
Other Objects	5,000	(5,000)	-	-	-
Total Instruction	<u>27,489</u>	<u>506,640</u>	<u>534,129</u>	<u>496,285</u>	<u>37,844</u>
Support Services					
Purchased Professional and Technical Services	56,952	(1,016)	55,936	55,936	-
Purchased Professional-Educational Services		35,392	35,392	34,009	1,383
Other Purchased Services	1,025	23,026	24,051	23,026	1,025
Total Support Services	<u>57,977</u>	<u>57,402</u>	<u>115,379</u>	<u>112,971</u>	<u>2,408</u>
Unallocated Benefits					
Employee Benefits	3,000	3,000	6,000	6,000	-
Facilities Acquisition and Construction					
Instructional Equipment	9,515	62,131	71,646	70,600	1,046
Noninstructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Construction	<u>9,515</u>	<u>62,131</u>	<u>71,646</u>	<u>70,600</u>	<u>1,046</u>
Total Expenditures	<u>97,981</u>	<u>629,173</u>	<u>727,154</u>	<u>685,856</u>	<u>41,298</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CRESSKILL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 25,380,997	\$ 685,856
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2010		26,127
Encumbrances, June 30, 2011		(17,174)
State Aid revenue recognized for budgetary purposes, not recognized for GAAP statements (2009-2010)	446,445	
State Aid revenue recognized for budgetary purposes, not recognized for GAAP statements (2010-2011)	(359,613)	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 25,467,829</u>	<u>\$ 694,809</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	\$ 25,294,630	\$ 685,856
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		
Encumbrances, June 30, 2010		26,127
Encumbrances, June 30, 2011	-	(17,174)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 25,294,630</u>	<u>\$ 694,809</u>

**SCHOOL LEVEL SCHEDULES**

**EXHIBITS D-1, D-2 AND D-3**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**CRESSKILL BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	No Child Left Behind (N.C.L.B.)				ARRA		Grand Total
	Title II-A	Title III	Title IV	Title III Immigrant	IDEA Part B- Basic	IDEA Part B- Preschool	
<b>REVENUES</b>							
Intergovernmental							
State	\$ 21,593	\$ 25,259	\$ 174	\$ 30,986	\$ 311,233	\$ 14,018	\$ 72,831
Federal	-	-	-	-	-	-	449,287
Local	-	-	-	-	-	-	163,738
<b>Total Revenues</b>	<b>\$ 21,593</b>	<b>\$ 25,259</b>	<b>\$ 174</b>	<b>\$ 30,986</b>	<b>\$ 311,233</b>	<b>\$ 14,018</b>	<b>\$ 236,569</b>
<b>EXPENDITURES</b>							
Instruction							
Salaries of Teachers	\$ 15,000				\$ 277,403	\$ 11,422	\$ 1,000
Tuition			\$ 174				62,268
Purchased Professional and Technical Services		4,259		\$ 346			103,380
Supplies							10,563
Textbooks							
<b>Total Instruction</b>	<b>-</b>	<b>19,259</b>	<b>174</b>	<b>346</b>	<b>277,403</b>	<b>11,422</b>	<b>177,211</b>
Support Services							
Employee Benefits	6,000						6,000
Purchased Professional and Technical Services		30,640				984	55,936
Purchased Professional-Education Services					12,416		34,009
Other Purchased Services					21,414	1,612.00	23,026
<b>Total Support Services</b>	<b>21,593</b>	<b>6,000</b>	<b>-</b>	<b>30,640</b>	<b>33,830</b>	<b>2,596</b>	<b>118,971</b>
Facilities Acquisition and Construction							
Instructional Equipment							70,600
Noninstructional Equipment							-
<b>Total Facilities Acquisition and Construction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,242</b>	<b>70,600</b>
<b>Total Expenditures</b>	<b>\$ 21,593</b>	<b>\$ 25,259</b>	<b>\$ 174</b>	<b>\$ 30,986</b>	<b>\$ 311,233</b>	<b>\$ 14,018</b>	<b>\$ 236,569</b>

**CRESKILL BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Ch. 193				Ch. 192		Local Revenue	Total (Carried Forward)
	Nonpublic Textbooks	Nonpublic Transportation	Nonpublic Nursing	Supplemental Instruction	Exam & Classification	Corrective Speech		
REVENUES								
Intergovernmental								
State	\$ 10,563	\$ 6,730	\$ 12,864	\$ 5,072	\$ 10,047	\$ 10,327	\$ 9,629	\$ 7,599
Federal	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	\$ 163,738	-
Total Revenues	\$ 10,563	\$ 6,730	\$ 12,864	\$ 5,072	\$ 10,047	\$ 10,327	\$ 163,738	\$ 236,569
EXPENDITURES								
Instruction								
Salaries of Instruction							\$ 1,000	1,000
Purchased Professional Technical Services	\$ 6,730	\$ 6,730	\$ 12,864	\$ 5,072	\$ 10,047	\$ 10,327	\$ 9,629	\$ 7,599
Supplies							103,380	103,380
Textbooks	\$ 10,563	-	-	-	-	-	-	10,563
Other Objects								
Total Instruction	10,563	6,730	12,864	5,072	10,047	10,327	104,380	177,211
Support Services								
Purchased Professional and Technical Services								
Total Support Services								
Facilities Acquisition and Construction								
Instructional Equipment							59,358	59,358
Noninstructional Equipment								
Total Facilities Acquisition and Construction							59,358	59,358
Total Expenditures	\$ 10,563	\$ 6,730	\$ 12,864	\$ 5,072	\$ 10,047	\$ 10,327	\$ 163,738	\$ 236,569

**CRESSKILL BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**CRESSKILL BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Year</u>	<u>Project</u>	<u>Appropriation</u>	<u>Prior Year</u>	<u>Expenditures to Date</u> <u>Current Year</u>	<u>Transfer to</u> <u>Debt Service</u> <u>Fund</u>	<u>Balance,</u> <u>June 30, 2011</u>
2005	Renovations to High School	\$ 24,698,741	\$ 24,698,577		\$ 164	
2006	Int. Door Rep to Edward H. Bryan School	192,039	191,320		719	
2006	Int. Door Rep to Merrit Memorial School	116,059	115,231	-	828	-
		<u>\$ 25,006,839</u>	<u>\$ 25,005,128</u>	<u>\$ -</u>	<u>\$ 1,711</u>	<u>\$ -</u>
						<u>\$ -</u>
						<u>\$ -</u>

Fund Balance, June 30, 2011

**CRESSKILL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Revenues and Other Financing Sources**

Revenues

Interest and Investment Income	\$ 13
--------------------------------	-------

Total Revenues	13
----------------	----

**Expenditures and Other Financing Uses**

Other Financing Uses

Transfers Out - Debt Service Fund	1,724
-----------------------------------	-------

Total Expenditures and Other Financing Uses	1,724
---	-------

Excess of Expenditures Over Revenues	(1,711)
--------------------------------------	---------

Fund Balance, July 1, 2010	1,711
----------------------------	-------

Fund Balance, June 30, 2011	\$ -
-----------------------------	------

**CRESSKILL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
2005 REFERENDUM  
RENOVATIONS TO HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
<b>Revenues</b>				
State Sources - SDA Grant	\$ 7,759,722		\$ 7,759,722	
Bond Proceeds	16,698,646		16,698,646	
Local Sources - Interest	373		373	
<b>Other Financing Sources</b>				
Transfer from Capital Reserve	139,729		139,729	
Transfer from Capital Outlay	100,271	-	100,271	-
Total Revenues	<u>24,698,741</u>	<u>-</u>	<u>24,698,741</u>	<u>\$ 24,698,741</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	3,840,880		3,840,880	
Construction Services	20,857,697		20,857,697	
Transfer to Debt Service Fund	-	\$ 164	164	-
Total Expenditures	<u>24,698,577</u>	<u>164</u>	<u>24,698,741</u>	<u>24,698,741</u>
Excess of Revenue Over Expenditures	<u>\$ 164</u>	<u>\$ (164)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	
Grant Date	
Bond Authorization Date	
Bonds Authorized	\$ 16,698,646
Bonds Issued	16,698,646
Original Authorized Cost	23,849,846
Additional Authorized Cost	-
Revised Authorized Cost	24,698,741
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	
Revised Target Completion Date	2008/09

**CRESSKILL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
2006 PROJECT  
INTERIOR DOOR REPLACEMENT - EDWARD H. BRYAN SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 76,524		\$ 76,524	
Transfers from Capital Reserve	115,515	-	115,515	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	192,039	-	192,039	\$ 192,039
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	38,456		38,456	
Construction Services	152,864		152,864	
Transfer to Debt Service Fund	-	\$ 719	719	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	191,320	719	192,039	192,039
Excess of Revenue Over Expenditures	<u>\$ 719</u>	<u>\$ (719)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	
Grant Date	
Bond Authorization Date	
Bonds Authorized	
Bonds Issued	
Original Authorized Cost	\$ 192,525
Additional Authorized Cost	
Revised Authorized Cost	192,039
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	
Revised Target Completion Date	

**CRESSKILL BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
2006 PROJECT  
INTERIOR DOOR REPLACEMENT - MERRITT MEMORIAL SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 46,093		\$ 46,093	
Transfers from Capital Reserve	69,966	-	69,966	-
	<u>116,059</u>	<u>-</u>	<u>116,059</u>	<u>\$ 116,059</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	115,231	-	115,231	116,059
Construction Services	-	\$ 828	828	-
Transfer to Debt Service Fund	<u>-</u>	<u>\$ 828</u>	<u>828</u>	<u>-</u>
	<u>115,231</u>	<u>828</u>	<u>116,059</u>	<u>116,059</u>
Excess of Revenue Over Expenditures	<u>\$ 828</u>	<u>\$ (828)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	
Grant Date	
Bond Authorization Date	
Bonds Authorized	
Bonds Issued	
Original Authorized Cost	\$ 116,610
Additional Authorized Cost	-
Revised Authorized Cost	116,059
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	
Revised Target Completion Date	

**PROPRIETARY FUNDS**

**ENTERPRISE FUNDS**

**CRESSKILL BOARD OF EDUCATION  
COMMUNITY STEP TO INDEPENDENCE ("CSI") PROGRAM FUND  
STATEMENT OF NET ASSETS  
JUNE 30, 2011.**

	<b>Non-Major Enterprise <u>Fund</u></b>
<b>ASSETS</b>	
Current Assets	
Cash	
Intergovernmental Receivable	
Other	-
	-
Total Current Assets	-
 Total Assets	 -
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	-
	-
Total Current Liabilities	-
<b>NET ASSETS</b>	
Unrestricted	-
	-
Total Net Assets	\$ -

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

**CRESSKILL BOARD OF EDUCATION  
COMMUNITY STEP TO INDEPENDENCE ("CSI") PROGRAM FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Non-Major Enterprise <u>Fund</u></b>
<b>OPERATING EXPENSES</b>	
Refunds	\$ <u>23,094</u>
Total Operating Expenses	<u>23,094</u>
Operating Loss	<u>(23,094)</u>
Change in Net Assets	(23,094)
Total Net Assets - Beginning of Year	<u>23,094</u>
Total Net Assets - End of Year	<u>\$ -</u>

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

**CRESSKILL BOARD OF EDUCATION  
COMMUNITY STEP TO INDEPENDENCE ("CSI") PROGRAM FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Non-Major Enterprise Fund</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received for Program Fees	\$ 4,730
Cash Payments for Refunds	<u>(23,094)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(18,364)</u>
Net Decrease in Cash and Cash Equivalents	(18,364)
Cash and Cash Equivalents, Beginning of Year	<u>18,364</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Income/(Loss)	\$ <u>(23,094)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities (Increase)/Decrease in Other Accounts Receivable	<u>4,730</u>
Total Adjustments	<u>4,730</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (18,364)</u>

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

**INTERNAL SERVICE FUND**

**EXHIBITS G-4, G-5 AND G-6**

**NOT APPLICABLE**

**FIDUCIARY FUNDS**

**CRESSKILL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 135,487	\$ 100,682	\$ 236,169
Due from Other Funds	<u>-</u>	<u>152</u>	<u>152</u>
Total Assets	<u>\$ 135,487</u>	<u>\$ 100,834</u>	<u>\$ 236,321</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings Payable		\$ 100,834	\$ 100,834
Due to Student Groups	<u>\$ 135,487</u>	<u>-</u>	<u>135,487</u>
Total Liabilities	<u>\$ 135,487</u>	<u>\$ 100,834</u>	<u>\$ 236,321</u>

**CRESSKILL BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

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

	<b>Balance, July 1, <u>2010</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2011</u></b>
<b>ELEMENTARY SCHOOLS</b>				
Merritt	\$ 4,327	\$ 5,023	\$ 4,547	\$ 4,803
Bryan	15,521	14,840	27,048	3,313
<b>HIGH SCHOOL</b>				
Cresskill High School	<u>129,988</u>	<u>480,623</u>	<u>483,240</u>	<u>127,371</u>
Total	<u>\$ 149,836</u>	<u>\$ 500,486</u>	<u>\$ 514,835</u>	<u>\$ 135,487</u>

**CRESSKILL BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Balance, July 1, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2011</u>
<b>ASSETS</b>				
Cash	\$ 81,242	\$ 16,871,903	\$ 16,852,463	\$ 100,682
Total Assets	<u>\$ 81,242</u>	<u>\$ 16,871,903</u>	<u>\$ 16,852,463</u>	<u>\$ 100,682</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 81,017	\$ 7,079,300	\$ 7,059,483	\$ 100,834
Accrued Salaries and Wages		9,780,750	9,780,750	
Due to/(from) Other Funds	<u>225</u>	<u>11,853</u>	<u>12,230</u>	<u>(152)</u>
Total Liabilities	<u>\$ 81,242</u>	<u>\$ 16,871,903</u>	<u>\$ 16,852,463</u>	<u>\$ 100,682</u>

**LONG-TERM DEBT**



**CRESSKILL BOARD OF EDUCATION**  
**LONG-TERM DEBT**  
**SCHEDULE OF CAPITAL LEASES/LEASE PURCHASE AGREEMENTS PAYABLE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding July 1, 2010</u>	<u>Payments</u>	<u>Amount Outstanding June 30, 2011</u>
IP Telephone Lease	4.55%	\$ 86,829	\$ 33,996	\$ 16,620	\$ 17,376
BCIA Lease Purchase - Two Way Radios	2.16%	19,525	6,575	6,575	
BCIA Lease Purchase-Security Equipment	2.12%	83,995	42,139	20,848	21,291
BICA Lease Purchase-Playground Equipment	2.33%	<u>101,750</u>	<u>61,628</u>	<u>20,072</u>	<u>41,556</u>
		<u>\$ 292,099</u>	<u>\$ 144,338</u>	<u>\$ 64,115</u>	<u>\$ 80,223</u>
			Payments	<u>\$ 64,115</u>	

**CRESSKILL BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 1,638,970		\$ 1,638,970	\$ 1,638,970	
Intergovernmental State					
Debt Service Aid Type II	<u>36,356</u>	<u>-</u>	<u>36,356</u>	<u>36,356</u>	<u>-</u>
Total Revenues	<u>1,675,326</u>	<u>-</u>	<u>1,675,326</u>	<u>1,675,326</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	805,000		805,000	805,000	
Interest	<u>870,326</u>	<u>-</u>	<u>870,326</u>	<u>870,326</u>	<u>-</u>
Total Expenditures	<u>1,675,326</u>	<u>-</u>	<u>1,675,326</u>	<u>1,675,326</u>	<u>-</u>
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,724</u>	<u>\$ 1,724</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,724</u>	<u>1,724</u>
Net Changes in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,724</u>	<u>1,724</u>
Fund Balance, Beginning of Year	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1,725</u>	<u>\$ 1,724</u>
<b><u>Recapitulation of Fund Balance:</u></b>					
Designated for Subsequent Year's Budget			<u>\$ 1,725</u>		
Total Fund Balance - Restricted for Debt Service			<u>\$ 1,725</u>		

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

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

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>						Restated			
Invested in Capital Assets, Net of Related Debt	\$ 672,030	\$ 684,207	\$ 1,087,081	\$ 2,006,442	\$ 9,508,993	\$ 13,140,837	\$ 12,182,578	\$ 12,109,928	\$ 12,570,296
Restricted	147,596	149,048	174,543	333,065	139,729	10,050	23,455	1	226,725
Unrestricted	(186,029)	130,979	160,207	(12,441)	(109,316)	(1,921,191)	(1,253,443)	(506,562)	(571,544)
<b>Total Governmental Activities Net Assets</b>	<b>\$ 633,597</b>	<b>\$ 964,234</b>	<b>\$ 1,421,831</b>	<b>\$ 2,327,066</b>	<b>\$ 9,539,406</b>	<b>\$ 11,229,696</b>	<b>\$ 10,952,590</b>	<b>\$ 11,603,367</b>	<b>\$ 12,225,477</b>
<b>Business-Type Activities</b>									
Invested in Capital Assets, Net of Related Debt	\$ 10,199	\$ 8,577	\$ 6,956	\$ 5,334	\$ 19,455	\$ 8,420	\$ 79,745	\$ 8,943	\$ 10,800
Unrestricted	34,849	63,605	86,791	72,559	84,000	74,671	79,745	73,037	65,849
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 45,048</b>	<b>\$ 72,182</b>	<b>\$ 93,747</b>	<b>\$ 77,893</b>	<b>\$ 103,455</b>	<b>\$ 83,091</b>	<b>\$ 79,745</b>	<b>\$ 81,980</b>	<b>\$ 76,649</b>
<b>District-Wide</b>									
Invested in Capital Assets, Net of Related Debt	\$ 682,229	\$ 692,784	\$ 1,094,037	\$ 2,011,776	\$ 9,528,448	\$ 13,149,257	\$ 12,182,578	\$ 12,118,871	\$ 12,581,096
Restricted	147,596	149,048	174,543	333,065	139,729	10,050	23,455	1	226,725
Unrestricted	(151,180)	194,584	246,998	60,118	(25,316)	(1,846,520)	(1,173,698)	(433,525)	(505,695)
<b>Total District Net Assets</b>	<b>\$ 678,645</b>	<b>\$ 1,036,416</b>	<b>\$ 1,515,578</b>	<b>\$ 2,404,959</b>	<b>\$ 9,642,861</b>	<b>\$ 11,312,787</b>	<b>\$ 11,032,335</b>	<b>\$ 11,685,347</b>	<b>\$ 12,302,126</b>

## Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
<b>Governmental Activities</b>									
<b>Instruction</b>									
Regular	\$ 8,179,442	\$ 8,499,982	\$ 8,894,544	\$ 9,521,196	\$ 10,215,190	\$ 10,762,060	\$ 10,402,088	\$ 10,701,308	\$ 10,691,713
Special Education	2,500,667	2,631,438	2,952,217	3,628,665	4,080,745	4,086,717	4,030,225	3,788,211	4,231,848
Other Instruction	679,849	728,253	677,884	813,092	958,905	839,494	722,043	814,517	790,651
School Sponsored Activities And Athletics	469,752	483,445	542,518	524,709	672,973	651,377	658,837	675,280	661,365
<b>Support Services:</b>									
Student & Instruction Related Services	2,266,528	2,525,046	2,540,157	2,839,330	2,808,292	3,505,701	3,684,962	3,904,218	3,900,765
General Administrative Services	381,465	559,086	598,929	541,081	598,054	700,326	592,009	522,683	645,140
School Administrative Services	1,059,742	1,114,096	1,053,337	1,134,724	1,309,597	1,359,410	1,359,102	1,424,952	1,499,294
Central Services/Business Services	277,623	264,682	426,278	307,910	296,889	519,102	759,933	559,109	556,790
Administrative Information Technology				107,189	161,720	-	-	-	-
Plant Operations And Maintenance	1,622,428	1,687,797	1,724,674	1,794,239	1,760,128	2,610,468	2,762,583	3,144,414	2,936,208
Pupil Transportation	494,993	517,618	555,309	595,420	723,936	790,467	587,325	544,104	431,983
Interest On Long-Term Debt	162,322	155,171	301,724	1,032,251	1,018,370	901,485	942,575	905,303	870,110
<b>Total Governmental Activities Expenses</b>	<u>18,094,811</u>	<u>19,166,614</u>	<u>20,267,571</u>	<u>22,839,806</u>	<u>24,604,799</u>	<u>26,726,607</u>	<u>26,501,682</u>	<u>26,984,099</u>	<u>27,215,867</u>
<b>Business-Type Activities:</b>									
Food Service	209,264	219,003	239,203	275,194	259,073	263,506	362,220	392,350	348,468
CSI Program	-	-	-	-	-	-	-	211,406	23,094
<b>Total Business-Type Activities Expense</b>	<u>209,264</u>	<u>219,003</u>	<u>239,203</u>	<u>275,194</u>	<u>259,073</u>	<u>263,506</u>	<u>362,220</u>	<u>603,756</u>	<u>371,562</u>
<b>Total District Expenses</b>	<u>\$ 18,304,075</u>	<u>\$ 19,385,617</u>	<u>\$ 20,506,774</u>	<u>\$ 23,115,000</u>	<u>\$ 24,863,872</u>	<u>\$ 26,990,113</u>	<u>\$ 26,863,902</u>	<u>\$ 27,587,855</u>	<u>\$ 27,587,429</u>
<b>Program Revenues</b>									
<b>Governmental Activities:</b>									
Charges For Services:									
Instruction (Regular)	\$ 12,544	\$ 40,573	\$ 69,979	\$ 88,110	\$ 206,500	\$ 318,309	\$ 381,957	\$ 288,052	\$ 323,926
Special Education	2,216,157	2,431,205	2,538,822	2,774,596	3,653,188	3,873,081	3,146,613	3,033,825	751,945
Operating Grants And Contributions	40,264	-	309,189	1,000,859	6,730,410	2,662,932	133,060	4,118,917	2,957,010
Capital Grants And Contributions								92,129	-
<b>Total Governmental Activities Program Revenues</b>	<u>2,268,965</u>	<u>2,471,778</u>	<u>2,917,990</u>	<u>3,935,715</u>	<u>10,696,047</u>	<u>6,935,522</u>	<u>3,757,119</u>	<u>4,802,923</u>	<u>4,012,881</u>
<b>Business-Type Activities:</b>									
Charges For Services	209,502	229,244	241,959	238,677	262,838	262,854	333,252	342,834	340,000
Food Service								234,500	
CSI Program								28,072	
Operating Grants And Contributions	12,421	16,883	18,247	19,055	18,132	13,766	25,622	605,406	365,683
<b>Total Business Type Activities Program Revenues</b>	<u>221,923</u>	<u>246,127</u>	<u>260,206</u>	<u>257,732</u>	<u>280,970</u>	<u>276,620</u>	<u>358,874</u>	<u>5,408,329</u>	<u>3,656,683</u>
<b>Total District Program Revenues</b>	<u>\$ 2,490,888</u>	<u>\$ 2,717,905</u>	<u>\$ 3,178,196</u>	<u>\$ 4,193,447</u>	<u>\$ 10,977,017</u>	<u>\$ 7,212,142</u>	<u>\$ 4,115,993</u>	<u>\$ 5,408,329</u>	<u>\$ 4,378,564</u>

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

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Net (Expense)/Revenue</b>									
Governmental Activities	\$ (15,825,846)	\$ (16,694,836)	\$ (17,349,581)	\$ (18,904,091)	\$ (13,908,752)	\$ (19,791,085)	\$ (22,744,563)	\$ (22,181,176)	\$ (23,202,986)
Business-Type Activities	12,659	27,124	21,063	(17,462)	21,897	13,114	(3,346)	1,650	(5,879)
<b>Total District-Wide Net Expense</b>	<u>\$ (15,813,187)</u>	<u>\$ (16,667,712)</u>	<u>\$ (17,328,518)</u>	<u>\$ (18,921,553)</u>	<u>\$ (13,886,855)</u>	<u>\$ (19,777,971)</u>	<u>\$ (22,747,909)</u>	<u>\$ (22,179,526)</u>	<u>\$ (23,208,865)</u>
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental Activities:									
Property Taxes Levied For General Purposes, Net	\$ 15,509,449	\$ 16,501,188	\$ 17,088,647	\$ 17,889,113	\$ 18,521,666	\$ 19,896,511	\$ 20,422,815	\$ 21,052,000	\$ 21,892,509
Property Taxes Levied For Debt Service, Net	261,275	259,822	262,349	871,781	1,623,773	1,640,858	1,639,664	1,611,737	1,638,970
State Aid Restricted for Debt Service	43,788	20,813	23,248	6,980	43,946	44,201	20,325	18,901	17,814
Unrestricted State Aid		93,113	178,675	185,456	248,160	268,869	339,480	21,369	30,056
Investment Earnings	30,000	22,850	113,274	780,476	634,844	254,691	45,173	127,946	245,747
Miscellaneous Income	165,956	127,687	140,985	75,520	48,703	16,626			
<b>Total Governmental Activities</b>	<u>16,010,468</u>	<u>17,025,473</u>	<u>17,807,178</u>	<u>19,809,326</u>	<u>21,121,092</u>	<u>22,121,756</u>	<u>22,467,437</u>	<u>22,831,953</u>	<u>23,825,096</u>
Business-Type Activities:									
Investment Earnings	105	10	562	1,608	3,665	2,099	-	585	548
<b>Total Business-Type Activities</b>	<u>105</u>	<u>10</u>	<u>562</u>	<u>1,608</u>	<u>3,665</u>	<u>2,099</u>	<u>-</u>	<u>585</u>	<u>548</u>
<b>Total District-Wide</b>	<u>\$ 16,010,573</u>	<u>\$ 17,025,483</u>	<u>\$ 17,807,740</u>	<u>\$ 19,810,934</u>	<u>\$ 21,124,757</u>	<u>\$ 22,123,855</u>	<u>\$ 22,467,437</u>	<u>\$ 22,832,538</u>	<u>\$ 23,825,644</u>
<b>Change in Net Assets</b>									
Governmental Activities	\$ 184,622	\$ 330,637	\$ 457,597	\$ 905,235	\$ 7,212,340	\$ 2,330,671	\$ (277,106)	\$ 650,777	\$ 622,110
Business-Type Activities	12,764	27,134	21,565	(15,854)	23,562	15,213	(3,346)	2,235	(5,331)
<b>Total District</b>	<u>\$ 197,386</u>	<u>\$ 357,771</u>	<u>\$ 479,162</u>	<u>\$ 889,381</u>	<u>\$ 7,237,902</u>	<u>\$ 2,345,884</u>	<u>\$ (280,452)</u>	<u>\$ 653,012</u>	<u>\$ 616,779</u>

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**CRESSKILL BOARD OF EDUCATION  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST NINE FISCAL YEARS**  
(Unaudited)  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 200,389	\$ 429,782	\$ 638,705	\$ 757,330	\$ 957,676	\$ 459,230	\$ 245,493	\$ 367,285	
Unreserved	658,405	696,093	543,665	392,108	375,426	84,644	(14,500)	278,457	\$ 225,000
Restricted									33,731
Committed									243,467
Assigned									316,743
Unassigned									
<b>Total General Fund</b>	<b>\$ 858,794</b>	<b>\$ 1,125,875</b>	<b>\$ 1,182,370</b>	<b>\$ 1,149,438</b>	<b>\$ 1,333,102</b>	<b>\$ 543,874</b>	<b>\$ 230,993</b>	<b>\$ 645,742</b>	<b>\$ 818,941</b>
All Other Governmental Funds									
Reserved				\$ 26,326,377	\$ 8,027,514	\$ 333,289			
Unreserved	(3,140)		19,804,870	(8,165,090)	(2,447,188)	78,484	27,992	1,712	\$ 1,725
Restricted									
<b>Total All Other Governmental Funds</b>	<b>\$ (3,140)</b>	<b>\$ -</b>	<b>\$ 19,804,870</b>	<b>\$ 18,161,287</b>	<b>\$ 5,580,326</b>	<b>\$ 411,773</b>	<b>\$ 27,992</b>	<b>\$ 1,712</b>	<b>\$ 1,725</b>

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

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

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>									
Tax Levy	\$ 15,770,724	\$ 16,761,010	\$ 17,350,996	\$ 18,760,894	\$ 20,145,439	\$ 21,537,369	\$ 22,062,479	\$ 22,663,737	\$ 23,531,479
Tuition Charges	12,544	40,573	69,979	160,260	292,449	399,509	477,446	591,877	1,075,871
Interest Earnings	30,000	22,850	113,274	780,476	634,844	254,691	45,173	21,369	30,056
Miscellaneous	181,565	150,873	79,591	104,552	169,457	282,295	339,480	224,211	396,194
State Sources	2,081,941	2,270,758	2,727,412	3,626,866	10,234,271	6,222,772	2,943,554	3,402,615	2,328,964
Federal Sources	202,659	251,187	293,400	311,993	340,679	360,642	356,445	705,557	475,413
<b>Total Revenue</b>	<b>18,279,433</b>	<b>19,497,251</b>	<b>20,634,652</b>	<b>23,745,041</b>	<b>31,817,139</b>	<b>29,057,278</b>	<b>26,224,577</b>	<b>27,609,366</b>	<b>27,837,977</b>
<b>Expenditures</b>									
<b>Instruction</b>									
Regular Instruction	8,141,458	8,491,800	8,923,195	9,524,318	10,396,236	10,682,218	10,305,610	10,655,035	10,605,735
Special Education Instruction	2,492,707	2,629,837	2,959,080	3,635,103	3,862,119	4,097,215	4,026,400	3,788,911	4,215,848
Other Instruction	676,227	715,809	677,279	815,878	949,130	839,494	733,758	796,752	781,751
School Sponsored Activities and Athletics	469,752	482,881	542,518	526,197	672,973	651,377	650,037	676,480	660,265
<b>Support Services:</b>									
Student and Inst. Related Services	2,236,628	2,565,307	2,539,327	2,831,276	2,790,717	3,459,432	3,637,630	3,874,855	3,865,832
General Administrative Services	381,465	556,581	600,311	527,755	592,497	587,381	559,005	522,683	645,140
School Administrative Services	1,088,614	1,137,045	1,044,709	1,138,652	1,309,002	1,345,135	1,345,719	1,463,553	1,526,459
Central Services/Business Services	271,128	253,353	438,608	416,387	458,609	519,102	759,933	565,484	555,965
Plant Operations And Maintenance	1,409,319	1,494,176	1,586,372	1,560,230	1,656,952	1,888,119	1,963,669	2,363,401	2,149,148
Pupil Transportation	492,997	520,773	551,851	595,641	723,936	790,467	587,325	544,104	431,983
Capital Outlay	92,808	159,516	923,084	2,862,931	19,318,560	8,659,051	530,246	142,218	481,362
<b>Debt Service:</b>									
Principal	140,000	145,000	177,743	174,482	737,427	701,522	904,068	914,640	869,115
Interest and Other Charges	165,064	158,367	157,198	812,706	1,026,301	1,096,695	917,839	912,781	876,162
Advance Refunding Escrow	-	-	62,097	-	-	49,332	-	-	-
Cost of Issuance	-	-	-	-	-	56,643	-	-	-
<b>Total Expenditures</b>	<b>18,058,167</b>	<b>19,310,445</b>	<b>21,121,275</b>	<b>25,421,556</b>	<b>44,494,459</b>	<b>35,423,183</b>	<b>26,921,239</b>	<b>27,220,897</b>	<b>27,664,765</b>
<b>Excess (Deficiency) of Revenues</b>									
Over (Under) Expenditures	221,266	186,806	(486,623)	(1,676,515)	(12,677,320)	(6,365,905)	(696,662)	388,469	173,212
<b>Other Financing Sources (Uses)</b>									
Bond Sale Proceeds	-	-	20,383,000	-	-	2,520,000	-	-	-
Capital Leases (Non-Budgeted)	13,570	83,415	4,569	-	280,023	292,099	-	-	-
Premium on Sale of Bonds	-	-	296	-	-	38,025	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	(2,442,000)	-	-	-
Accrued Interest on Bond Sale	-	-	22,220	-	-	-	-	-	-
Transfers In	14,565	-	97,184	(841,032)	544,349	387,366	35,764	287	1,724
Transfers Out	(14,565)	-	(97,184)	841,032	(544,349)	(387,366)	(35,764)	(287)	(1,724)
<b>Total Other Financing Sources (Uses)</b>	<b>13,570</b>	<b>83,415</b>	<b>20,410,085</b>	<b>-</b>	<b>280,023</b>	<b>408,124</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ 234,836</b>	<b>\$ 270,221</b>	<b>\$ 19,923,462</b>	<b>\$ (1,676,515)</b>	<b>\$ (12,397,297)</b>	<b>\$ (5,957,781)</b>	<b>\$ (696,662)</b>	<b>\$ 388,469</b>	<b>\$ 173,212</b>
<b>Debt Service as a Percentage of</b>									
Noncapital Expenditures	1.70%	1.58%	1.66%	4.38%	7.01%	6.72%	6.90%	6.75%	6.42%

\* Noncapital expenditures are total expenditures less capital outlay.

Note:  
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**CRESSKILL BOARD OF EDUCATION  
GENERAL FUND  
OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Related Services Provided to Other LEAs</u>	<u>Interest on Invest.</u>	<u>Rentals</u>	<u>Refunds of Prior Year Expenditures</u>	<u>Student Activity/ Athletic Fee</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 146,042	\$	46,747	\$ 47,283			\$ 95,141	\$ 335,213
2003	12,544		29,547	2,089	\$ 84,087		79,780	208,047
2004	40,573		22,850	46,689	806		80,192	191,110
2005	69,979		38,606	35,438			15,031	159,054
2006	160,260		124,552	35,700			39,820	360,332
2007	292,449		90,495	4,308			44,395	431,647
2008	399,509		107,325	7,350			9,276	523,460
2009	477,446		29,309	71,504			64,614	642,873
2010	591,877		21,082	72,527			55,419	740,905
2011	1,075,871	\$ 96,521	30,043	22,366		\$ 44,227	82,633	1,351,661

Source School District's Financial Statements

**CRESSKILL BOARD OF EDUCATION  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Total Assessed Value				Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
	Vacant Land	Residential	Commercial	Industrial				
2002	\$ 32,887,400	\$ 748,578,300	\$ 38,216,400	\$ 6,303,400	\$ 2,989,600	\$ 829,595,492	\$ 1,271,296,252	\$ 1.90
2003	31,646,800	753,858,000	38,246,500	4,810,900	2,989,600	832,134,268	1,319,753,288	2.01
2004	(1) 55,693,200	1,537,913,100	86,752,900	19,409,400	5,340,800	1,706,022,079	1,909,396,896	1.02
2005	45,143,800	1,538,106,200	102,017,800	15,005,400	5,340,800	1,706,514,983	1,947,047,945	1.10
2006	32,780,100	1,584,456,100	136,149,800	14,705,400	5,340,800	1,774,333,183	2,029,026,706	1.13
2007	29,687,100	1,614,496,200	136,072,200	11,685,200	5,340,800	1,797,946,077	2,334,131,818	1.19
2008	29,370,000	1,623,996,100	129,953,800	3,985,100	5,340,800	1,795,285,475	2,526,369,398	1.23
2009	30,045,300	1,622,233,700	129,276,900	3,985,100	5,053,200	1,785,594,200	2,692,596,856	1.27
2010	28,070,300	1,616,918,500	119,604,100	2,965,000	5,053,200	1,775,269,343	2,492,849,585	1.33
2011	22,697,900	1,615,957,000	119,812,800	2,330,000	5,053,200	1,766,431,704	2,303,399,323	1.35

Source: County Abstract of Rates

(1) The Borough undertook a revaluation of real property effective January 1, 2004  
a Tax rates are per \$100

**CRESSKILL BOARD OF EDUCATION**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN YEARS**  
**(UNAUDITED)**  
*Per \$100 OF Assessed Valuation*

<u>Calendar Year</u>	<u>Total Direct School Tax Rate Cresskill Local School District</u>	<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
		<u>Municipality of Cresskill</u>	<u>County of Bergen</u>	
2002	\$1.90	\$0.79	\$0.34	\$3.03
2003	\$2.01	\$0.83	\$0.34	\$3.18
2004 (1)	\$1.02	\$0.45	\$0.18	\$1.65
2005	\$1.10	\$0.49	\$0.20	\$1.79
2006	\$1.13	\$0.52	\$0.22	\$1.87
2007	\$1.19	\$0.57	\$0.23	\$1.99
2008	\$1.23	\$0.61	\$0.26	\$2.10
2009	\$1.27	\$0.66	\$0.29	\$2.21
2010	\$1.33	\$0.70	\$0.27	\$2.30
2011	\$1.35	\$0.73	\$0.27	\$2.35

(1) The Borough undertook a revaluation of real property effective January 1, 2004.

Source: Tax Duplicate, Borough of Cresskill

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

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
CNL Retirement Suni Cresskill	\$ 30,000,000	1.69%	<b>NOT AVAILABLE</b>	
Care One at Dunroven	7,000,000	0.39%		
MTX Wealth Mang-D. Carl Trust	4,785,000	0.27%		
P.S. Realty, L.L.C.	4,127,500	0.23%		
Song, Jian Bo	3,986,200	0.22%		
Kings Supermarket Inc.	3,791,000	0.21%		
Sancheti, Ashok & Kumar	3,503,400	0.20%		
WM L. Collings Trust	3,401,200	0.19%		
Silverback Assoc. Trust	3,268,300	0.18%		
Hajjar, John and Sharon	3,248,800	0.18%		
	<u>\$ 67,111,400</u>	<u>3.78%</u>		

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 14,478,490	\$ 14,478,490	100.00%	
2003	15,770,724	15,770,724	100.00%	
2004	16,761,010	16,761,010	100.00%	
2005	17,350,996	17,350,996	100.00%	
2006	18,760,894	18,760,894	100.00%	
2007	20,145,439	20,145,439	100.00%	
2008	21,537,369	21,537,369	100.00%	
2009	22,062,479	22,062,479	100.00%	
2010	22,663,737	22,663,737	100.00%	
2011	23,531,479	23,531,479	100.00%	

Source: District records

**CRESSKILL BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST SEVEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities					Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases/Lease Purchase Agreements	Bond Anticipation Notes (BANS)				
2005	\$ 23,457,000		\$ 77,882			\$ 23,534,882	8,368	\$ 2,812
2006	23,297,000		34,375			23,331,375	8,336	2,799
2007	22,632,000		232,583			22,864,583	8,553	2,673
2008	22,020,000		423,046	\$ 5,019,900		27,462,946	8,553 e	3,211
2009	21,255,000		283,978			21,538,978	8,615 e	2,500
2010	20,480,000		144,338			20,624,338	8,614	2,394
2011	19,675,000		80,223			19,755,223	8,614 e	2,293

(e) Estimate

Source: District records

Note:

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

**CRESSKILL BOARD OF EDUCATION**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST SEVEN FISCAL YEARS**  
**(Unaudited)**

General Bonded Debt Outstanding

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property
2005	\$ 23,457,000		\$ 23,457,000	1.37%
2006	23,297,000		23,297,000	1.31%
2007	22,632,000		22,632,000	1.26%
2008	22,020,000		22,020,000	1.23%
2009	21,255,000		21,255,000	1.19%
2010	20,480,000		20,480,000	1.15%
2011	19,675,000		19,675,000	1.11%

Source: District records

Note:

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

**CRESSKILL BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(UNAUDITED)**

Municipal Debt:	
Cresskill Board of Education (as of June 30, 2011)	\$ 20,255,000
Borough of Cresskill	<u>12,065,182</u>
 Total Direct Debt	 <u>32,320,182</u>
 Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	9,164,526
Bergen County Utilities Authority - Water Pollution (B)	<u>2,470,636</u>
 Total Overlapping Debt	 <u>11,635,162</u>
 Total Direct and Overlapping Debt	 <u>\$ 43,955,344</u>

- (A) The debt for this entity was apportioned by dividing the Municipality's 2010 equalized value by the total 2010 equalized value for Bergen County.
- (B) Overlapping Debt was computed based upon municipal flow to the Authority.

## Sources:

Borough of Cresskill 2010 Annual Debt Statement  
BCUA 2010 Audit  
Bergen County 2010 Annual Debt Statement

CRESSKILL BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2008	\$ 2,691,661,261
2009	2,500,482,005
2010	2,307,486,462
	<u>\$ 7,499,629,728</u>

	\$ 2,499,876,576
	99,995,063
	19,675,000
	<u>\$ 80,320,063</u>

Average equalized valuation of taxable property

Debt limit (4 % of average equalization value)  
Total Net Debt Applicable to Limit  
Legal debt margin

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 42,791,842	\$ 47,269,693	\$ 52,873,680	\$ 59,941,679	\$ 68,413,392	\$ 79,272,395	\$ 90,361,757	\$ 100,289,934	\$ 102,932,871	\$ 99,995,063
Total Net Debt Applicable to Limit	<u>3,582,000</u>	<u>3,442,000</u>	<u>3,297,000</u>	<u>34,025,927</u>	<u>33,865,827</u>	<u>32,127,827</u>	<u>28,709,849</u>	<u>21,255,000</u>	<u>20,480,000</u>	<u>19,675,000</u>
Legal Debt Margin	<u>\$ 39,209,842</u>	<u>\$ 43,827,693</u>	<u>\$ 49,576,680</u>	<u>\$ 25,915,752</u>	<u>\$ 34,547,565</u>	<u>\$ 47,144,568</u>	<u>\$ 61,651,908</u>	<u>\$ 79,034,934</u>	<u>\$ 82,452,871</u>	<u>\$ 80,320,063</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.37%	7.28%	6.24%	56.77%	49.50%	40.53%	31.77%	21.19%	19.90%	19.68%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,  
Department of Treasury, Division of Taxation

**CRESSKILL BOARD OF EDUCATION  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
(UNAUDITED)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>County Per Capita Income (1)</u>	<u>School District Population</u>
2003	3.6	\$ 50,862	7,861
2004	3.0	54,095	8,145
2005	2.3	56,435	8,368
2006	2.5	61,264	8,336
2007	2.2	67,113	8,553
2008	2.9	67,696	8,553
2009	5.2	64,388	8,615
2010	5.3	N/A	8,614
2011	N/A	N/A	(E) 8,614

(E) Estimate

N/A - Not Available

Source: United States Bureau of Census  
School District Records

CRESSKILL BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

**CRESSKILL BOARD OF EDUCATION**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST SEVEN FISCAL YEARS**  
(Unaudited)

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction							
Regular	89	91	109	112	119	124	132
Special Education	30	30	31	31	30	13	26
Support Services:							
Student and Instruction Related Services	24	23	27	22	17	43.5	44.5
General Administration	3	3	8	3	3	3	2
School Administrative Services	11	10	12	12	12	12	11
Central Services	3	3		3	3	3	3
Administrative Information Technology	2	2		2	2	2	1
Plant Operations And Maintenance	16	16	16	17	17	19	20
Pupil Transportation	1	1	-	-	-	-	-
Total	<u>179</u>	<u>179</u>	<u>203</u>	<u>202</u>	<u>203</u>	<u>219.5</u>	<u>239.5</u>

Source: District Personnel Records

Note:

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

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

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	High School	Junior Senior				
2002	1,365.0	\$ 16,629,912	\$ 12,183	-0.39%	134	19:1	16:1	1,365.1	1,309.3	5.02%	95.91%	
2003	1,424.8	17,660,295	12,395	1.74%	135	14:1	11:1	1,424.8	1,363.9	4.37%	95.73%	
2004	1,490.9	18,847,562	12,642	1.99%	142	13:1	13:1	1,490.9	1,435.3	4.64%	96.27%	
2005	1,601.6	19,863,250	12,402	-1.90%	139	13:1	13:1	1,601.6	1,560.6	7.43%	97.44%	
2006	1,605.0	21,571,437	13,440	8.37%	120	14:1	12:1	1,603.0	1,543.3	0.09%	96.28%	
2007	1,652.0	23,412,171	14,172	5.45%	123	14:1	12:1	1,648.5	1,584.2	2.84%	96.10%	
2008	1,686.0	24,859,940	14,745	4.04%	130	14:1	12:1	1,692.7	1,625.2	2.68%	96.01%	
2009	1,692.0	24,569,086	14,521	-1.52%	135	12:1	13:1	1,681.8	1,614.8	6.00%	96.02%	
2010	1,742.0	25,251,258	14,496	-0.17%	132	13:1	13:1	1,732.3	1,665.9	3.00%	96.17%	
2011	1,745.0	25,438,126	14,578	0.57%	143	13:1	11:1	1,774.1	1,679.8	0.70%	94.68%	

Sources: District records

**CRESSKILL BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST SIX FISCAL YEARS  
(Unaudited)**

	2006	2007	2008	2009	2010	2011
<b><u>District Building</u></b>						
<b><u>Elementary</u></b>						
<b><u>Edward H. Bryan School</u></b>						
Square Feet	48,738	48,738	48,738	48,738	48,738	48,738
Capacity (students)	378	378	378	378	378	378
Enrollment	520	532	548	474	478	465
<b><u>Merrill Memorial School</u></b>						
Square Feet	42,540	42,540	42,540	42,540	42,540	42,540
Capacity (students)	313	313	313	313	313	313
Enrollment	335	338	354	280	299	304
<b><u>Middle School/High School</u></b>						
Square Feet	140,261	140,261	141,769	141,769	141,769	141,769
Capacity (students)	956	956	956	956	956	956
Enrollment	750	782	784	938	965	976

Number of Schools at June 30, 2010

Elementary = 2

Junior/Senior High School = 1

Source: District Records

**Note:**

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

**CRESSKILL BOARD OF EDUCATION**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**UNDISTRIBUTED EXPENDITURES - REQUIRED**  
**MAINTENANCE FOR SCHOOL FACILITIES**  
 11-000-261-xxx

School Facilities	Project # (s)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Edward H. Bryan	N/A	\$ 61,876	\$ 46,582	\$ 49,481	\$ 46,098	\$ 47,978	\$ 53,165	\$ 45,764	\$ 27,504	\$ 87,776	\$ 76,979
Merritt Memorial School	N/A	46,265	34,048	55,818	53,189	45,206	36,345	34,309	25,567	61,613	36,173
Middle School/High School	N/A	123,464	117,818	84,145	78,011	93,529	88,559	101,572	99,771	405,596	480,215
Total School Facilities		231,605	198,448	189,444	177,298	186,713	178,069	181,645	152,842	554,985	593,367
Other Facilities		-	-	-	-	-	-	-	-	-	-
Grand Total		\$ 231,605	\$ 198,448	\$ 189,444	\$ 177,298	\$ 186,713	\$ 178,069	\$ 181,645	\$ 152,842	\$ 554,985	\$ 593,367

Note: Beginning in fiscal year 2001, the New Jersey Department of Education required districts to report maintenance expenditures by location, therefore, ten years of data is not required or available

**CRESSKILL BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2011  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Selective Insurance Group		
Property Blanket Building & Contents	\$ 38,431,000	\$ 5,000
General Liability		
General Aggregate	2,000,000	
Products Completed Operations	2,000,000	
Personal & Advertising Injury	1,000,000	
Each Occurrence	1,000,000	
Fire Legal Liability	1,000,000	
Medical Expense	5,000	
Commercial Auto Policy - Selective Insurance Group	1,000,000	1,000
Umbrella Liability Policy - American Alt Ins.	9,000,000	
Excess Umbrella Liability Policy - Firemen's Fund	50,000,000	
	(Shared limit among all Boards)	
Boiler & Machinery - Selective Insurance Group	41,376,218	5,000
Bonds		
Public Official Bond - Bus. Admn.	50,000	
Public Official Bond-Treas. Of School Monies	250,000	
Environmental Impairment Liability - American Safety	20,000,000	
Source School District's records	(Group Aggregate)	
Each Impairment Aggregate Limit Per Insured:	3,000,000	15,000
School Board Legal Liability - ACE USA	1,000,000	5,000
Employment Related Practices Liability	1,000,000	10,000
Crime		
Employee Dishonesty	00 Per Employee \$400,000 Per Loss	5,000 100,000
Forgery & Alteration	50,000	1,000
Workers' Compensation		
BI by Accident - Each Accident	1,000,000	
BI by Accident - Each Employee	1,000,000	
BI by Disease - Policy Limit	1,000,000	
Employers Liability Retained Limit	250,000	

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cresskill Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Cresskill Board of Education's basic financial statements and have issued our report thereon dated November 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cresskill Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2011-1 and 2011-2.

We noted certain matters that we reported to management of the Cresskill Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 18, 2011.

Cresskill Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Cresskill Board of Education's responses and, accordingly, we express no opinion on the responses.

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

*Lerch, Vinci & Higgins LLP*

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

*[Signature]*

Donna L. Japhet  
 Public School Accountant  
 PSA Number CS002314

Fair Lawn, New Jersey  
 November 18, 2011

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

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

### Compliance

We have audited the Cresskill Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Cresskill Board of Education's major state programs for the fiscal year ended June 30, 2011. Cresskill Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Cresskill Board of Education's management. Our responsibility is to express an opinion on Cresskill Board of Education's compliance based on our audit.

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

In our opinion, Cresskill Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2011.

### Internal Control Over Compliance

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

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

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

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

*Leach, Vinci & Higgins, LLP*

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

*Donna L. Japhet*

Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
November 18, 2011

**CRESSKILL BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Carryover Receivable Adjustment	(Accounts Receivable)	June 30, 2011 Deferred Revenue	Due to Grantor	MEMO GAAP Receivable
<b>U.S. Department of Agriculture</b>														
<b>Passed-through State Department of Education</b>														
National School Lunch Program - Cash Assistance	10.555	N/A	9/1/10-6/30/11	\$ 13,083			\$ 12,505	\$ 13,083		\$	\$ (578)			\$ (578)
National School Lunch Program - Cash Assistance	10.555	N/A	9/1/09-6/30/10	12,458	\$ (436)		436							
Special Milk Program	10.556	N/A	9/1/10-6/30/11	2,688			2,537	2,688			(151)			(151)
Special Milk Program	10.556	N/A	9/1/09-6/30/10	3,752	(241)		241							
National School Lunch Program - Non-Cash Assistance	10.555	N/A	9/1/10-6/30/11	8,472			8,472	7,886				\$ 586		
National School Lunch Program - Non-Cash Assistance	10.555	N/A	9/1/09-6/30/10	11,207	728			728						
<b>Total U.S. Department of Agriculture</b>				<b>51</b>			<b>24,191</b>	<b>24,385</b>			<b>(729)</b>	<b>586</b>		<b>(729)</b>
<b>U.S. Department of Education</b>														
<b>Passed-through State Department of Education</b>														
NCLB Title II A	84.367a	NCLB0990-11	9/1/10-8/31/11	22,975			20,609	21,593			(2,366)	1,382		(984)
NCLB Title II A	84.367a	NCLB0990-10	9/1/09-8/31/10	23,629	(11,589)		11,589							
NCLB Title II A	84.367a	NCLB0990-09	9/1/08-8/31/09	23,225	3	\$ (3)								
NCLB Title III	84.365A	NCLB0990-11	9/1/10-8/31/11	25,267		\$ 1,025	17,656	22,259			(7,611)	4,033		(3,578)
NCLB Title III	84.365A	NCLB0990-10	9/1/09-8/31/10	19,466	(8,545)	(1,025)	12,570	3,000		\$		475		
NCLB Title III Immigrant	84.365A	NCLB0990-10	9/1/09-8/31/11	475		(475)				(475)				
NCLB Title III Immigrant	84.365A	NCLB0990-10	9/1/09-8/31/10	47,696	(6,803)	(475)	37,789	30,986		475	(475)			
NCLB Title IV	84.186A	NCLB0990-10	9/1/09-8/31/11	17		17				(17)				
NCLB Title IV	84.186A	NCLB0990-10	9/1/09-8/31/10	2,691	(2,500)	(17)	2,674	174		17				
NCLB Title IV	84.186A	NCLB0990-09	9/1/08-8/31/09	2,839	89			(89)						
I.D.E.A. Part B- Basic	84.027	FT-0990-11	9/1/10-8/31/11	311,233			311,233	311,233						
I.D.E.A. Part B- Basic	84.027	FT-0990-10	9/1/09-8/31/10	302,143	(131,444)		131,444							
I.D.E.A. Part B- Basic-ARRA	84.391	ARRA542010	9/1/09-6/30/11	378,431	(189,181)		235,205	46,024			(1,827)	1,827		
I.D.E.A. Part B- Preschool-ARRA	84.392	ARRA542010	9/1/09-6/30/11	13,699	(11,999)		11,999							
I.D.E.A. Part B- Preschool	84.173	PS-0990-11	9/1/10-8/31/11	14,018			14,018	14,018						
I.D.E.A. Part B- Preschool	84.173	PS-0990-10	9/1/09-8/31/10	13,376	(11,029)		11,029							
<b>Total U.S. Department of Education</b>				<b>372,998</b>			<b>817,815</b>	<b>449,287</b>	<b>(92)</b>		<b>(12,279)</b>	<b>7,717</b>		<b>(4,562)</b>
<b>Total</b>				<b>\$ (372,947)</b>			<b>\$ 842,006</b>	<b>\$ 473,672</b>	<b>\$ (92)</b>		<b>\$ (13,008)</b>	<b>\$ 8,303</b>		<b>\$ (5,291)</b>

Note: The District is not subject to a Federal Single Audit.

**CRESSKILL BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Balance Cancelled	Refund of Prior Years Balances	(Accounts Receivable)	June 30, 2011 Deferred Revenue	Due to Grantor	Memo		
													GAAP Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>															
Current Expenses															
Special Education Compensatory Aid	11-100-034-5120-088	7/1/10-6/30/11	\$ 63,066			\$ 63,066	\$ 63,066							\$	63,066
Special Education Compensatory Aid	10-495-034-5120-089	7/1/09-6/30/10	925,523			81,104									
Special Education Compensatory Aid	10-495-034-5120-014	7/1/09-6/30/10	80,940	(81,194)		6,737									
Transportation Aid	10-495-034-5120-084	7/1/09-6/30/10	127,481	(10,611)		10,611									
Security Aid	11-100-034-5120-473	7/1/10-6/30/11	359,613			359,613									359,613
Extraordinary Sp. Ed. Costs Aid	10-495-034-5120-473	7/1/09-6/30/10	347,903	(347,903)											
Expenditures Sp. Ed. Costs Aid															
TPAF On behalf Pension Contribution	11-100-034-5095-007	7/1/10-6/30/11	36,178			36,178									36,178
Non-Contributory Insurance	11-100-034-5095-001	7/1/10-6/30/11	768,417			768,417									768,417
Post Retirement Medical Benefit Contrib	11-100-034-5095-002	7/1/10-6/30/11	909,553			817,072									909,553
TPAF Social Security Tax	10-100-034-3095-002	7/1/09-6/30/10	791,230	(45,123)		45,123									(92,481)
TPAF Social Security Tax															
<b>Total General Fund</b>				(491,588)		2,176,301	2,136,827				(432,094)			(92,481)	2,136,827
<b>Special Revenue Fund</b>															
New Jersey Nonpublic Aid	11-100-034-5120-064	7/1/10-6/30/11	10,856			10,856									10,856
Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	12,864	1,009			12,864		1,009						12,864
Nursing Services	11-100-034-5120-070	7/1/10-6/30/11													
English as a Second Language	11-100-034-5120-067	7/1/10-6/30/11	11,555			11,555									11,555
English as a Second Language	10-100-034-5120-067	7/1/09-6/30/10	14,778	2,598			7,599		2,598						7,599
Compensatory Education	11-100-034-5120-087	7/1/10-6/30/11	15,908			15,908									15,908
Compensatory Education	10-100-034-5120-087	7/1/09-6/30/10	19,194	9,141			9,629		9,141						9,629
Transportation	11-100-034-5120-068	7/1/10-6/30/11	6,730			6,730									6,730
Transportation	10-100-034-5120-068	7/1/09-6/30/10	5,909	1,909					1,909						
Handicapped Services	11-100-034-5120-066	7/1/10-6/30/11	14,899			14,899									14,899
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	26,542	8,249			10,047		8,249						10,047
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	26,095	9,730			10,327		9,730						10,327
Supplemental Instruction	11-100-034-5120-066	7/1/10-6/30/11	9,311			9,311									9,311
Supplemental Instruction	10-100-034-5120-066	7/1/09-6/30/10	11,947	6,661					6,661						
<b>Total Special Revenue Fund</b>				39,297		97,983	72,831		39,297						72,831
<b>Debt Service</b>															
Debt Service Aid- State Support	11-495-034-5120-075	7/1/10-6/30/11	36,356			36,356									36,356
<b>Total Debt Service Fund</b>															
<b>Enterprise Fund</b>															
National School Lunch Program	11-100-010-0350-023	7/1/10-6/30/11	1,298			1,243	1,298								1,298
National School Lunch Program	10-100-010-0350-023	7/1/09-6/30/10	1,316	(45)		45									(55)
<b>Total Enterprise Fund</b>															
<b>Total State Financial Assistance</b>				(452,316)		2,311,928	2,247,312		39,297		(432,149)			(92,536)	2,247,312
<b>State Financial Assistance Not Subject to Single Audit Determination</b>															
General Fund	11-100-034-5095-007	7/1/10-6/30/11	36,178			(36,178)									
On-Behalf TPAF Pension System Contrib.	11-100-034-5095-001	7/1/10-6/30/11	768,417			(768,417)									
On-Behalf TPAF Post Retirement Medical															
<b>Total State Financial Assistance Subject to Single Audit</b>				(452,316)		1,507,533	1,442,717		39,297		(432,149)			(92,536)	2,247,312

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$86,832 for the general fund and an increase of \$8,953 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,223,659	\$ 2,223,659
Special Revenue Fund	\$ 475,413	68,949	544,362
Debt Service Fund		36,356	36,356
Food Service Fund	<u>24,385</u>	<u>1,298</u>	<u>25,683</u>
Total Financial Assistance	<u>\$ 499,798</u>	<u>\$ 2,330,262</u>	<u>\$ 2,830,060</u>

**CRESSKILL BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$909,553 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. The amount reported as TPAF Pension System Contributions in the amount of \$36,178 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$768,417 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

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

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

CRESSKILL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Part I – Summary of Auditor’s Results

**Financial Statement Section**

Type of auditor's report issued:	<u>Unqualified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u>                  </u> yes	<u>  X  </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	<u>                  </u> yes	<u>  X  </u> none reported
Noncompliance material to the basic financial statements noted?	<u>  X  </u> yes	<u>                  </u> no

**Federal Awards Section**

Not Applicable

**CRESSKILL BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Internal Control over compliance:

- 1) Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? \_\_\_\_\_ yes      X   none

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>11-100-034-5095-002</u>	<u>TPAF Social Security Tax</u>
<u>11-100-034-5120-473</u>	<u>Extraordinary Special Education Aid</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs    \$ 300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      X   no

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

*Part 2 – Schedule of Financial Statement Findings*

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

**Finding 2011-1:**

Our audit of budget account charges in the General Fund, revealed expenditures for facilities renovations were not charged to the proper budget line accounts. The financial statements and budget accounts were adjusted to reclassify these expenditures from Current Expense – Operations and Maintenance to the proper Capital Outlay budget line item account.

**Criteria or specific requirement:**

The Uniform Minimum Chart of Accounts for New Jersey Public Schools, 2008 Edition and NJAC 6A:23.2.2(f).

**Condition:**

Line item account determinations were not being carefully reviewed and/or monitored, which resulted in certain misclassifications.

**Questioned Costs:**

None.

**Context:**

The District misclassified \$281,757 of capital outlay purchases to Operations and Maintenance – Cleaning, Repair and Maintenance Services in the General Fund.

**Effect:**

None – financial statements have been adjusted for audit presentation.

**Cause:**

Unknown.

**Recommendation:**

The District reference the Budget Guidelines to ensure that facilities renovations are being classified to the proper budget line accounts.

**View of Responsible Officials and Planned Corrective Action:**

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

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

*Part 2 – Schedule of Financial Statement Findings*

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

**Finding 2011-2:**

Our audit of the capital assets noted \$281,757 of unrecorded additions due to the misclassification of certain Capital Outlay expenditures in the General Fund.

**Criteria or specific requirement:**

Capital Asset Accounting and Financial Reporting

**Condition:**

See Finding 2011-2.

**Questioned Costs:**

None.

**Context:**

Due to the misclassification of building and other improvements as repair and maintenance, \$281,757 of capital asset additions were omitted from the capital asset report.

**Effect:**

The District's capital asset records do not agree with actual values of District owned assets as reported in the current year CAFR.

**Cause:**

Unknown.

**Recommendation:**

The District's internal records be reviewed to ensure that all Capital Outlay expenditures be properly classified and included in the District's capital asset report.

**View of Responsible Officials and Planned Corrective Action:**

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

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

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

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

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**CURRENT YEAR STATE AWARDS**

There are none.

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

*Part 2 – Schedule of Financial Statement Findings*

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

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2010-1:**

Our audit of budget account charges in the General Fund, Special Revenue Fund and Community Step to Independence ("CSI") Fund revealed numerous expenditures were not charged to the proper budget line accounts. We noted budget account charges for supplies and equipment were not classified and charged to the proper budget line accounts. The financial statements and budget accounts were adjusted to reclassify these expenditures to the proper budget line item accounts.

**Current Status**

Corrective action has been taken.

**Finding 2010-2:**

Our audit of budget account charges in the General Fund, Special Revenue Fund and Community Step to Independence ("CSI") Fund revealed numerous expenditures were not charged to the proper budget line accounts. We noted budget account charges for supplies and equipment were not classified and charged to the proper budget line accounts. The financial statements and budget accounts were adjusted to reclassify these expenditures to the proper budget line item accounts.

**Current Status**

Corrective action has been taken.

**Finding 2010-3:**

Quotes were not obtained for certain building renovations, the auditorium/stage repairs, installation of fencing around the High School track and football field and for the fire alarm upgrades to the Tallman House all of which exceeded 15% of the current school year bid threshold.

**Current Status**

Corrective action has been taken.