

**SCHOOL DISTRICT OF THE
TOWNSHIP OF WEST MILFORD
COUNTY OF PASSAIC, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Township of West Milford School District

Board of Education

West Milford, New Jersey

For the Fiscal Year Ended June 30, 2011

WEST MILFORD BOARD OF EDUCATION

West Milford, New Jersey

TOWNSHIP OF WEST MILFORD

BOARD OF EDUCATION

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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INTRODUCTORY SECTION

December 2, 2011

Honorable President and
Members of the Board of Education
West Milford Township School District
County of Passaic, New Jersey

Dear Board Members/Citizens:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the West Milford Township School District (District) for the fiscal year ending June 30, 2011. This CAFR includes the District's Basic Financial Statements in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections: Introductory, Financial, Statistical and Single Audit.

- ◆ The Introductory section includes this transmittal letter, the District's organizational chart and a list of Principal Officials;
- ◆ The Financial section includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information, as well as the auditor's report thereon;
- ◆ The Statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Board of Education of the Township of West Milford is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 14. All funds and account groups of the District are included in this report. The West Milford Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Kindergarten through 12. These include regular, vocational as well as special education for special needs youngsters. The District's instructional facilities includes six elementary schools (grades Kindergarten through grade 6), one middle school (grades 7 and 8), and one high school (grades 9 through 12). The District completed the 2010-11 fiscal year with an average daily enrollment of 3,944 students, which is 56 students lower than the previous year's enrollment, a decrease of 1.4 percent. The following details the changes in the student enrollment of the District over the last 18 years.

Student Enrollment Data

| Fiscal Year | Student Enrollment | Percent Change |
|--------------------|---------------------------|-----------------------|
| 2010-11 | 3944 | -1.7% |
| 2009-10 | 4,013 | -2.77% |
| 2008-09 | 4,124 | -3.62% |
| 2007-08 | 4,279 | -2.55% |
| 2006-07 | 4,391 | -2.92% |
| 2005-06 | 4,523 | -2.75% |
| 2004-05 | 4,651 | -1.44% |
| 2003-04 | 4,719 | 0.53% |
| 2002-03 | 4,694 | 1.32% |
| 2001-02 | 4,633 | -0.81% |
| 2000-01 | 4,671 | 0.78% |
| 1999-00 | 4,635 | 1.78% |
| 1998-99 | 4,554 | 0.52% |
| 1997-98 | 4,530 | 4.53% |
| 1996-97 | 4,425 | 2.10% |
| 1995-96 | 4,334 | 1.15% |
| 1994-95 | 4,285 | 0.63% |

The Board of Education, comprised of nine members, each elected to three-year terms, meets on the third Tuesday of each month for the workshop Board meeting and the fourth Tuesday of each month for the regular Board meeting.

The Parent Teacher Groups are highly active in the District and provide community support for a variety of programs and activities for the children.

The New Jersey Department of Education posts its Comparative Spending Guide for all school districts in the state. The guide compares districts with similar enrollment and configuration. West Milford traditionally spends less than the state average in total per pupil spending, particularly in overhead areas like administration and operations.

2. ECONOMIC CONDITION AND OUTLOOK:

West Milford Township is a rural/suburban residential community with its working population primarily employed by the Board of Education, local businesses, and various businesses in the surrounding area. The Township's 2010 population of 25,850 has decreased by 560 people, or about -2.1%, since the corrected 2010 census. West Milford's current unemployment rate of 8.4% is below the Passaic County average of 10.8%. Per capita personal income in Passaic County has leveled off. Although the Township continues to attract new families, there is lower expectation for new development due to the implementation of the Highlands Act.

Although the district has recouped the State aid lost from 2009-10, the absence of a consistent, long-range State formula for educational funding continues to complicate the planning process. The District continues to receive extra ordinary aid, for special education costs in excess of \$40,000, which varies based on student placements and services. Through various lobbying efforts, the District continues to pressure the state to increase educational funding.

3. MAJOR INITIATIVES:

The District expanded in professional development opportunities for veteran, as well as novice teachers.

1) Following comprehensive job embedded training, reading/writing workshops were implemented in grades 4 through 6. 2) Pilot programs were implemented in the High School and Middle School in the instructional use of iPads for academic support classes. 3) District-wide efforts and training was held in the development of an effective, constructive HIB Awareness Program. 4) The three year induction program has been differentiated to meet the needs of all educators, addressing content expertise, grade level certification and level of experience. 5) Fully functioning school based professional development committees coordinated the creation of three professional day events for all District employees.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

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

5. BUDGETARY CONTROLS:

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

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

6. ACCOUNTING SYSTEM AND REPORTS:

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

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Since the 1996-97 school year, the District has carried student and athletic accident and catastrophic injury insurance on every student enrolled in its schools. Through participation in a pooled insurance program, the District enjoys the benefits of distributed risks and reduced premium costs on all lines of insurance. The Board uses the pool to self-insure for workers' compensation, and continues to receive disbursements of surplus funds from prior years.

9. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Ferraioli, Wielkottz, Cerullo & Cuva. In addition to meeting the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB, the auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

10. **ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the West Milford Township 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 administrative, financial, accounting, and secretarial staffs.

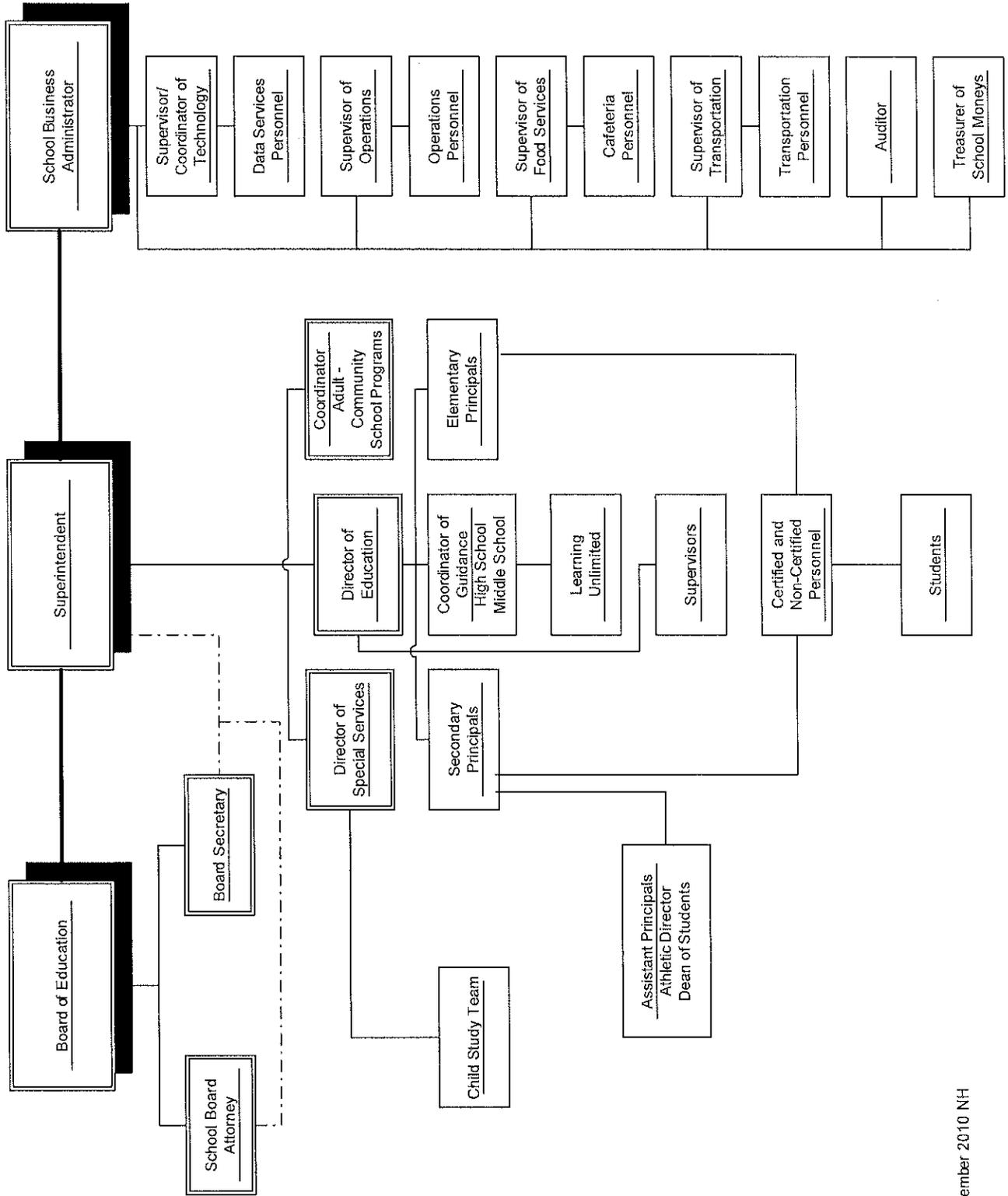
Respectfully submitted,

A handwritten signature in black ink that reads "Barbara Francisco". The signature is written in a cursive style with a large, stylized initial 'B' and a long, sweeping tail.

Barbara Francisco
Business Administrator/Board Secretary

WEST MILFORD TOWNSHIP PUBLIC SCHOOLS - ORGANIZATIONAL CHART

Office of the Superintendent



**WEST MILFORD
ROSTER OF OFFICIALS
June 30, 2011**

Members of the Board of Education

Term Expires

| | |
|---------------------------------|------|
| David Richards, President | 2013 |
| Wayne Gottlieb - Vice President | 2014 |
| John Aiello | 2012 |
| Gregory Bailey | 2012 |
| Barbara Carter | 2012 |
| Matthew Conlon | 2014 |
| James Foody | 2013 |
| Donna Richards | 2013 |
| Marilyn Schultz | 2014 |

Other Officials

John J. Petrelli - Superintendent

Barbara Francisco - Business Administrator/Board Secretary

Iris Wechling - Director of Education

Howard Heller - Director of Special Services

WEST MILFORD BOARD OF EDUCATION

2010-2011

Consultants and Advisors

ARCHITECTS

LAN Associates
445 Godwin Avenue
Midland Park, New Jersey 07432

AUDIT FIRM

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BOARD ATTORNEY

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SPECIAL EDUCATION ATTORNEY

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FISCAL AGENTS

J. P. Morgan Chase Bank, N.A.
Dallas, Texas

OFFICIAL DEPOSITORY

Lakeland Bank
West Milford, New Jersey

NJ Cash Management Fund
Jersey City, New Jersey

FINANCIAL SECTION

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

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Newton, N.J. 07860
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INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Township of West Milford School District
County of Passaic, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Township of West Milford School District, in the County of Passaic, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of West Milford 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 Township of West Milford Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely present component units, each major fund, and the aggregate remaining fund information of the Township of West Milford Board of Education, in the County of Passaic, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2011 on our consideration of the Township of West Milford 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

FWCC

Honorable President and
Members of the Board of Education
Page 2.

control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 18 and 55 through 61 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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



Charles J. Ferraioli, Jr., C.P.A.
Licensed Public School Accountant
No. 749

Ferraioli, Wielkotsy, Cerullo, + Cuva, P.A.
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

December 2, 2011



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

WEST MILFORD TOWNSHIP PUBLIC SCHOOL DISTRICT
WEST MILFORD TOWNSHIP

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

(UNAUDITED)

The discussion and analysis of West Milford Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Management's Discussion and Analysis (MD&A) is a new element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2011 are as follows:

- ◆ General revenues accounted for \$68,813,769.44 in revenue or 94.03% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$4,368,724.72 or 5.97% percent to total revenues of \$73,182,494.16.
- ◆ The School District had \$71,003,864.49 in expenses; \$4,368,724.72 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$68,813,769.44 were adequate to provide for these programs.
- ◆ The General Fund had \$68,280,525.45 in revenues and \$66,805,139.61 in expenditures. The General Fund's balance increased by \$735,818.66 over 2010. Revenues do not include funds used from fund balance resulting in expenses exceeding revenues.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand West Milford Township Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting the School District as a Whole

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of West Milford Township Public School District, the General Fund is by far the most significant fund.

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. Although the School District uses many funds to account for a multitude of financial transactions, these financial statements focus on the School district's most significant funds. These funds include the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

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

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2011 with comparative data.

| | 2011 | 2010 |
|---|---------------------|---------------------|
| Assets | | |
| Current and other assets | \$ 4,729,016 | \$ 6,251,587 |
| Capital assets, net | 14,477,178 | 11,471,270 |
| Total assets | 19,206,194 | 17,722,858 |
| Liabilities | | |
| Long-term liabilities | 6,855,835 | 7,602,095 |
| Other liabilities | 2,388,732 | 2,337,765 |
| Total liabilities | 9,244,567 | 9,939,861 |
| Net assets | | |
| Invested in capital assets, net of debt | 10,435,083 | 9,240,769 |
| Restricted | 3,227,614 | 2,036,424 |
| Unrestricted | (3,701,070) | (3,494,196) |
| Total net assets | \$ 9,961,627 | \$ 7,782,997 |

The District's combined net assets were \$9,961,627 on June 30, 2011.

Table 2 shows the changes in net assets from fiscal year 2011, with a comparative analysis of district-wide data.

Table 2
Changes in Net Assets

| | <u>2011</u> | <u>2010</u> |
|--|-------------------|-------------------|
| Revenues | | |
| Program revenues | | |
| Charges for Services | 1,678,510 | 1,857,473 |
| Operating grants and contributions | 2,564,058 | 2,072,415 |
| Capital grants and contributions | 126,156 | |
| General revenues | | |
| Property taxes | 49,908,582 | 48,152,702 |
| Grants and entitlements | 18,665,583 | 20,476,187 |
| Other | <u>239,605</u> | <u>288,788</u> |
| Total Revenues | <u>73,182,494</u> | <u>72,847,565</u> |
| Program Expenses | | |
| Instruction | 38,130,384 | 39,086,785 |
| Support services | | |
| Pupils and instructional staff | 11,955,842 | 12,681,514 |
| General, central & school administration | 6,392,611 | 6,272,896 |
| Operations and maintenance of facilities | 6,734,278 | 6,987,060 |
| Pupil Transportation | 5,238,761 | 5,272,089 |
| Interest of debt | 105,318 | 123,634 |
| Food service | 1,262,573 | 1,272,593 |
| Adult Community School | 541,640 | 552,112 |
| Other | <u>642,457</u> | <u>56,662</u> |
| Total Expenses | <u>71,003,864</u> | <u>72,305,345</u> |
| Increase (Decrease) in Net Assets | <u>2,178,630</u> | <u>542,220</u> |

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 69.87% of revenues for governmental activities

for the West Milford Township Public School District for fiscal year 2011. The District's total revenues were \$71,435,327.87 for the fiscal year ended June 30, 2011. Federal, state and local grants accounted for another 29.37%. The balance of the revenues is from other miscellaneous sources including interest, rentals, tuition, and budgeted fund balance.

Business-Type Activities

Revenues for the District's Food Service Program were comprised of charges for services and federal and state reimbursements.

- ◆ Food service expenses exceeded revenues by \$125,519.03
- ◆ Charges for services represent \$888,069.30 of revenue. This represents amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$246,204.48.

Revenues for the District's Community School Program were comprised of registration fees and tuition charges.

- ◆ Community School expenses exceeded revenues by \$57,684.10.
- ◆ Charges for services represents \$481,413.94 of total revenue while non-operating revenues were \$2,541.65.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions with comparative data for 2010.

Table 3

| | Total Cost of Services 2010 | Net Cost of Services 2010 | Total Cost of Services 2011 | Net Cost of Services 2011 |
|--|--------------------------------|------------------------------|--------------------------------|------------------------------|
| Instruction | 39,086,785 | \$ 37,207,133 | 38,130,384 | \$ 35,973,414 |
| Support services | | | | |
| Pupils and Instructional Staff | 12,681,514 | \$ 12,335,731 | 11,955,842 | \$ 11,521,669 |
| General, Central & School Administration | 6,272,896 | 6,272,896 | 6,392,611 | 6,392,611 |
| Operation & Maintenance of Facilities | 6,987,060 | 6,987,060 | 6,734,278 | 6,734,278 |
| Pupil Transportation | 5,272,089 | 5,272,089 | 5,238,761 | 5,076,867 |
| Interest and Fiscal Charges | 123,634 | 123,634 | 105,318 | 105,318 |
| Charter School | - | - | - | - |
| Unallocated Benefits | 56,662 | 56,662 | 642,457 | 642,457 |
| Total expenses | \$ 70,480,639 | \$ 68,255,203 | \$ 69,199,651 | \$ 66,446,614 |

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

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

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

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

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

Extracurricular activities includes expenses related to student activities provided by the School district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

Other includes unallocated depreciation and amortization.

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$71,435,327.87 and expenditures of \$70,980,398.57.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2011, and the amount and percentage of increases and decreases in relation to prior year revenues.

| Revenue | 2011 Amount | Percent of Total | 2010 Amount | Percent of Total |
|-----------------|---------------------|------------------|---------------------|------------------|
| Local Sources | \$50,463,543 | 70.64% | \$48,852,609 | 68.67% |
| State Sources | 18,543,693 | 25.96% | 18,437,155 | 25.92% |
| Federal Sources | 2,428,092 | 3.40% | 3,847,820 | 5.41% |
| Total | \$71,435,328 | 100.00% | \$71,137,585 | 100.00% |

The following schedule presents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2011.

| Expenditures | 2011 Amount | Percent of Total | 2010 Amount | Percent of Total |
|----------------------------|------------------------|-----------------------------|------------------------|-----------------------------|
| Current: | | | | |
| Instruction | \$26,796,093 | 37.75% | \$27,980,962 | 39.61% |
| Undistributed Expenditures | 41,702,169 | 58.75% | 41,708,668 | 59.04% |
| Capital outlay | 1,947,214 | 2.74% | 405,802 | 0.57% |
| Debt service: | | | | |
| Principal | 422,000 | 0.59% | 422,453 | 0.60% |
| Interest | 112,923 | 0.17% | 126,560 | 0.24% |
| Total | \$70,980,399 | 100.00% | \$70,644,446 | 100.00% |

General Fund Budgeting Highlights

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

During the course of the fiscal year 2011, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ◆ Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- ◆ Additional costs for student transportation both in regular education and special education.
- ◆ Changes in appropriations to prevent budget overruns.
- ◆ Property, liability, and medical insurances were renewed at higher rates than budgeted. This represents a national trend in all major areas of the insurance industry.
- ◆ TPAF, which is the state's contribution to the pension fund and social security, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

Capital Assets

At the end of the fiscal year 2011, the School District had \$14,167,303 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2011 balances compared to 2010.

Capital Assets (Net of Depreciation) at June 30,

| <u>Capital Asset</u> | <u>Governmental Activities</u> | | <u>Business - Type Activities</u> | |
|---------------------------|--------------------------------|---------------------|-----------------------------------|------------------|
| | <u>2011</u> | <u>2010</u> | <u>2011</u> | <u>2010</u> |
| Land | \$ 2,327,249 | \$2,327,249 | \$ | \$ |
| Construction in Progress | 657,725 | 5,417 | | |
| Building and Improvements | 10,172,943 | 10,058,478 | | |
| Machinery and Equipment | 1,009,386 | 1,074,387 | 309,875 | 338,406 |
| | <u>\$14,167,303</u> | <u>\$13,465,531</u> | <u>\$309,875</u> | <u>\$338,406</u> |

Overall capital assets increased \$701,772 from fiscal year 2010 to fiscal year 2011. The increase in capital assets was due to facility upgrades at West Milford High School and the Maple Road and Apschawa Schools. There were also upgrades to our aging transportation fleet.

Debt Administration

At June 30, 2011, the School District had total debt issued of \$4,789,954 with an outstanding balance of \$3,225,505.25. This debt was issued through serial bonds and loans for school construction and infrastructure. In January 2003 the voters of West Milford Township approved a referendum to improve district facilities in the amount of \$6,173,688 of which \$4,463,000 was issued as debt and the balance came from state grants. In December 2008, the district received an interest free loan from the School Development Authority to fund the remediation of two fuel tanks in the transportation depot.

The district maintains a low proportion of debt relative to its maximum overall legal debt margin of \$143,506,134.00 at June 30, 2011.

| Debt Issue | Date of Issue | Amount of Issue | Balance Due |
|----------------------------|----------------------|------------------------|---------------------|
| SDA UST Interest Free Loan | 12/1/2008 | \$ 45,153.00 | \$ 36,468.00 |
| Bond 2003 | 7/15/2003 | \$ 4,463,000.00 | \$ 3,133,000.00 |
| Small Project Loan | 7/15/1993 | 211,027 | 44,931 |
| Low Interest Loan | 7/15/1993 | 70,342 | 11,107 |
| Total | | \$ 4,789,522 | \$ 3,225,505 |

For the Future

The West Milford Township Public School District is in very good financial condition presently. Major concerns facing the district include aging infrastructure, increased reliance on local property taxes, potential residential development, and increases in expenses which exceed the state imposed budget cap. However, future finances are not without challenges as costs increase and state funding lags.

West Milford Township is primarily a residential community, with very few ratables; thus the burden is focused on homeowners to shoulder the tax burden.

The West Milford Township Public School District has committed itself to financial and educational excellence. The School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School district's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator/Board Secretary at West Milford Township Board of Education, 46 Highlander Drive, West Milford, N.J. 07480; 973-697-1700 extension 5051.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2011

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | 2,693,245.23 | 74,302.26 | 2,767,547.49 |
| Receivables, net | 1,782,695.27 | 21,099.91 | 1,803,795.18 |
| Inventory | | 4,142.59 | 4,142.59 |
| Restricted assets: | | | |
| Capital reserve account - cash | 153,530.81 | | 153,530.81 |
| Capital assets: | | | |
| Land and Construction in Progress | 2,984,974.74 | | 2,984,974.74 |
| Other capital assets, net | 11,182,328.70 | 309,874.65 | 11,492,203.35 |
| Total Assets | <u>18,796,774.75</u> | <u>409,419.41</u> | <u>19,206,194.16</u> |
| LIABILITIES | | | |
| Accounts payable | 891,051.85 | | 891,051.85 |
| Accrued interest payable | 31,940.65 | | 31,940.65 |
| Contracts Payable | 560,147.00 | | 560,147.00 |
| Interfund Payable | | 111,163.94 | 111,163.94 |
| Payable to federal government | 260.40 | | 260.40 |
| Payable to state government | 57.00 | | 57.00 |
| Deferred revenue | 5,113.02 | 3,290.00 | 8,403.02 |
| Noncurrent liabilities: | | | |
| Due within one year | 785,708.21 | | 785,708.21 |
| Due beyond one year | 6,855,835.06 | | 6,855,835.06 |
| Total liabilities | <u>9,130,113.19</u> | <u>114,453.94</u> | <u>9,244,567.13</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 10,125,207.98 | 309,874.65 | 10,435,082.63 |
| Restricted for: | | | |
| Other purposes | 2,806,306.65 | 38,950.00 | 2,845,256.65 |
| Debt service | 133,476.99 | | 133,476.99 |
| Capital projects | 248,880.51 | | 248,880.51 |
| Unrestricted | (3,647,210.57) | (53,859.18) | (3,701,069.75) |
| Total net assets | <u>9,666,661.56</u> | <u>294,965.47</u> | <u>9,961,627.03</u> |

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

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | | |
|--|----------------------|------------------------------|----------------------|------------------------------------|---|-------------------------|--------------------------|------------------------|
| | Expenses | Indirect Expenses Allocation | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | | |
| Instruction: | | | | | | | | |
| Regular | 19,667,950.77 | 8,196,712.09 | 255,471.53 | 1,901,498.39 | | (25,707,692.94) | | (25,707,692.94) |
| Special education | 5,497,355.81 | 3,169,371.74 | | | | (8,666,727.55) | | (8,666,727.55) |
| Other special instruction | 380,543.90 | - | | | | (380,543.90) | | (380,543.90) |
| Other instruction | 1,218,449.70 | - | | | | (1,218,449.70) | | (1,218,449.70) |
| Support services: | | | | | | | | |
| Tuition | 3,449,330.10 | - | | | | (3,449,330.10) | | (3,449,330.10) |
| Student & instruction related services | 6,812,909.30 | 1,693,602.54 | | 416,355.13 | 17,817.43 | (8,072,339.28) | | (8,072,339.28) |
| General administrative services | 1,134,496.63 | 259,837.97 | | | | (1,394,334.60) | | (1,394,334.60) |
| School administrative service | 2,607,421.32 | 1,111,148.35 | | | | (3,718,569.67) | | (3,718,569.67) |
| Central services and Admin. Infor. Tech. | 920,894.33 | 358,812.78 | | | | (1,279,707.11) | | (1,279,707.11) |
| Plant operations and maintenance | 5,387,160.75 | 1,347,117.34 | | | | (6,734,278.09) | | (6,734,278.09) |
| Pupil transportation | 4,140,407.14 | 1,098,354.31 | 53,555.52 | | 108,339.00 | (5,076,866.93) | | (5,076,866.93) |
| Capital Outlay - Non-depreciable | 19,610.00 | - | | | | (19,610.00) | | (19,610.00) |
| Interest on long-term debt | 105,318.13 | - | | | | (105,318.13) | | (105,318.13) |
| Unallocated depreciation and amortization | - | 622,846.50 | | | | (622,846.50) | | (622,846.50) |
| Total governmental activities | 51,341,847.88 | 17,857,803.62 | 309,027.05 | 2,317,853.52 | 126,156.43 | (66,446,614.50) | - | (66,446,614.50) |
| Business-type activities: | | | | | | | | |
| Food Service | 1,243,759.68 | 18,813.62 | 888,069.30 | 246,204.48 | - | - | (128,299.52) | (128,299.52) |
| Adult Community School | 531,922.22 | 9,717.47 | 481,413.94 | - | - | - | (60,225.75) | (60,225.75) |
| Total business-type activities | 1,775,681.90 | 28,531.09 | 1,369,483.24 | 246,204.48 | - | - | (188,525.27) | (188,525.27) |
| Total primary government | 53,117,529.78 | 1,678,510.29 | 2,564,058.00 | 2,564,058.00 | 126,156.43 | (66,446,614.50) | (188,525.27) | (66,635,139.77) |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes, levied for general purposes, net | | | | | | 49,379,479.00 | | 49,379,479.00 |
| Taxes levied for debt service | | | | | | 529,103.00 | | 529,103.00 |
| Federal and State aid not restricted | | | | | | 18,357,736.67 | | 18,357,736.67 |
| State Aid - Restricted for Debt Service | | | | | | 5,783.00 | | 5,783.00 |
| Investment Earnings | | | | | | 1,623.15 | 5,322.14 | 6,945.29 |
| State Aid - Capital Outlay | | | | | | 248,721.90 | | 248,721.90 |
| Federal Aid - Capital Outlay | | | | | | 53,341.00 | | 53,341.00 |
| Transferred to Enterprise Fund | | | | | | (95,147.66) | 95,147.66 | - |
| Miscellaneous Income | | | | | | 232,659.58 | | 232,659.58 |
| Total general revenues, special items, extraordinary items and transfers | | | | | | 68,713,299.64 | 100,469.80 | 68,813,769.44 |
| Change in Net Assets | | | | | | 2,266,685.14 | (88,055.47) | 2,178,629.67 |
| Net Assets—beginning | | | | | | 7,399,976.42 | 383,020.94 | 7,782,997.36 |
| Net Assets—ending | | | | | | 9,666,661.56 | 294,965.47 | 9,961,627.03 |

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

FUND FINANCIAL STATEMENTS

**WEST MILFORD BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | 2,336,828.66 | | 483,095.85 | 133,476.99 | 2,953,401.50 |
| Due from other funds | 192,501.11 | | | | 192,501.11 |
| Receivables from other governments | 909,483.03 | 298,930.60 | 248,721.90 | | 1,457,135.53 |
| Other Accounts Receivable | 204,379.68 | 5,000.00 | | | 209,379.68 |
| Restricted cash and cash equivalents | 153,530.81 | | | | 153,530.81 |
| Total assets | <u>3,796,723.29</u> | <u>303,930.60</u> | <u>731,817.75</u> | <u>133,476.99</u> | <u>4,965,948.63</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Cash Deficit | | 260,156.27 | | | 260,156.27 |
| Contracts Payable | | | 560,147.00 | | 560,147.00 |
| Accounts payable | 852,707.94 | 38,343.91 | | | 891,051.85 |
| Due to other funds | | | 76,321.05 | | 76,321.05 |
| Payable to federal government | | 260.40 | | | 260.40 |
| Payable to state government | | 57.00 | | | 57.00 |
| Deferred revenue | | 5,113.02 | | | 5,113.02 |
| Total liabilities | <u>852,707.94</u> | <u>303,930.60</u> | <u>636,468.05</u> | <u>-</u> | <u>1,793,106.59</u> |
| Fund Balances: | | | | | |
| Committed to: | | | | | |
| Other Purposes | 398,501.80 | | | | 398,501.80 |
| Assigned to: | | | | | |
| Designated by the Board of Education For Subsequent Year's expenditures | 750,000.00 | | | | 750,000.00 |
| Restricted for: | | | | | |
| Capital reserve account | 153,530.81 | | | | 153,530.81 |
| Excess Surplus | 1,657,804.79 | | | | 1,657,804.79 |
| Debt Service Fund | | | | 133,476.99 | 133,476.99 |
| Capital Projects Fund | | | 95,349.70 | | 95,349.70 |
| Unassigned: | | | | | |
| General fund | (15,822.05) | | | | (15,822.05) |
| Total fund balances (Deficit) | <u>2,944,015.35</u> | <u>-</u> | <u>95,349.70</u> | <u>133,476.99</u> | <u>3,172,842.04</u> |
| Total liabilities and fund balances | <u>3,796,723.29</u> | <u>303,930.60</u> | <u>731,817.75</u> | <u>133,476.99</u> | <u>4,965,948.63</u> |

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

| | |
|--|---------------------|
| Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds. | (31,940.65) |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$35,131,121.78 and the accumulated depreciation is \$20,963,818.34. | 14,167,303.44 |
| 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. | (7,641,543.27) |
| Net assets of governmental activities | <u>9,666,661.56</u> |

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

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|--|----------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| REVENUES | | | | | |
| Local sources: | | | | | |
| Local tax levy | 49,379,479.00 | | | 529,103.00 | 49,908,582.00 |
| Tuition charges | 255,471.53 | | | | 255,471.53 |
| Transportation Fees from Other LEA's | 53,555.52 | | | | 53,555.52 |
| Interest Earned on Capital Reserve Funds | 1,623.15 | | | | 1,623.15 |
| Local Grants | | 11,651.17 | | | 11,651.17 |
| Miscellaneous | 232,659.58 | | | | 232,659.58 |
| Total - Local Sources | 49,922,788.78 | 11,651.17 | - | 529,103.00 | 50,463,542.95 |
| State sources | 18,283,159.92 | 6,028.00 | 248,721.90 | 5,783.00 | 18,543,692.82 |
| Federal sources | 74,576.75 | 2,353,515.35 | | | 2,428,092.10 |
| Total revenues | 68,280,525.45 | 2,371,194.52 | 248,721.90 | 534,886.00 | 71,435,327.87 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Regular instruction | 17,798,244.85 | 1,901,498.39 | | | 19,699,743.24 |
| Special education instruction | 5,497,355.81 | | | | 5,497,355.81 |
| Other special instruction | 380,543.90 | | | | 380,543.90 |
| Other instruction | 1,218,449.70 | | | | 1,218,449.70 |
| Support services and undistributed costs: | | | | | |
| Tuition | 3,449,330.10 | | | | 3,449,330.10 |
| Student & instruction related services | 6,420,226.82 | 416,355.13 | | | 6,836,581.95 |
| General administrative services | 1,168,445.71 | | | | 1,168,445.71 |
| School administrative services | 2,613,394.33 | | | | 2,613,394.33 |
| Central Services and Admin. Infor. Tech. | 920,894.33 | | | | 920,894.33 |
| Plant operations and maintenance | 5,456,611.44 | | | | 5,456,611.44 |
| Pupil transportation | 4,474,641.43 | | | | 4,474,641.43 |
| Unallocated employee benefits | 16,782,269.69 | | | | 16,782,269.69 |
| Capital outlay | 624,731.50 | 53,341.00 | 1,269,141.42 | | 1,947,213.92 |
| Debt service: | | | | | |
| Principal | | | | 422,000.44 | 422,000.44 |
| Interest and other charges | | | | 112,922.58 | 112,922.58 |
| Total expenditures | 66,805,139.61 | 2,371,194.52 | 1,269,141.42 | 534,923.02 | 70,980,398.57 |
| Excess (Deficiency) of revenues over expenditures | 1,475,385.84 | - | (1,020,419.52) | (37.02) | 454,929.30 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Capital leases (non-budgeted) | 400,000.00 | | | | 400,000.00 |
| Transfers in - From Capital Outlay | | | 605,419.52 | | 605,419.52 |
| Transfer out to - Enterprise Fund | (95,147.66) | | | | (95,147.66) |
| Transfers in - Transfer from Capital Reserve | | | 439,000.00 | | 439,000.00 |
| Transfers out - Capital Reserve To Capital Projects Fund | (439,000.00) | | | | (439,000.00) |
| Transfers out - General Fund to Capital Projects Fund | (605,419.52) | | | | (605,419.52) |
| Total other financing sources and uses | (739,567.18) | - | 1,044,419.52 | - | 304,852.34 |
| Net change in fund balances | 735,818.66 | - | 24,000.00 | (37.02) | 759,781.64 |
| Fund balance—July 1 | 2,208,196.69 | | 71,349.70 | 133,514.01 | 2,413,060.40 |
| Fund balance—June 30 | 2,944,015.35 | - | 95,349.70 | 133,476.99 | 3,172,842.04 |

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

**WEST MILFORD 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 YEAR ENDED JUNE 30, 2011**

Total net change in fund balances - governmental funds (from B-2) 759,781.64

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, on the statement of activities, the cost of those assets is allocated
over their estimated useful lives as depreciation expense. This is the amount
by which capital outlays exceeded depreciation in the current fiscal year.

| | | |
|----------------------|---------------------|--------------|
| Depreciation expense | (723,048.37) | |
| Capital outlay | <u>2,053,760.35</u> | 1,330,711.98 |

Repayment of long-term debt is reported as an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net assets
and is not reported in the statement of activities.

In the current year, these amounts consist of:

| | |
|--------------------------------------|------------|
| Principal Payments on Capital Leases | 499,072.19 |
| Principal Payments on Bonds Payable | 422,000.44 |

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

| | |
|---|------------|
| (Increase) Decrease in Compensated Absences Payable | 276,454.21 |
|---|------------|

Proceeds from debt issues are a financing source in the government funds. They are not
revenue in the statement of activities; issuing debt increases long-term liabilities
in the statement of net assets.

| | |
|------------------------|--------------|
| Capital Lease Proceeds | (400,000.00) |
|------------------------|--------------|

In the statement of activities, only the gain on the disposal of capital assets is
reported, whereas in the governmental funds, the proceeds from a sale increase
financial resources. Thus, the change in net assets will differ from the change in fund
balance by the cost of the asset removed.(-)

| |
|--------------|
| (628,939.77) |
|--------------|

In the statement of activities, interest on long-term debt
is accrued, regardless of when due. In the governmental funds, interest is reported when
due. The change in accrued interest is an increase in the reconciliation.

| |
|-----------------|
| <u>7,604.45</u> |
|-----------------|

| | |
|--|----------------------------|
| Change in net assets of governmental activities | <u><u>2,266,685.14</u></u> |
|--|----------------------------|

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

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

| | Business-type Activities - Enterprise Funds | | Total Enterprise Fund |
|-----------------------------------|--|--------------------------|--------------------------------------|
| | Food Service | Adult School | |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | 58,337.25 | 15,965.01 | 74,302.26 |
| Intergovernmental receivables: | | | |
| State | 1,225.70 | | 1,225.70 |
| Federal | 18,565.06 | | 18,565.06 |
| Other receivables | 1,309.15 | | 1,309.15 |
| Inventories | 4,142.59 | | 4,142.59 |
| Total current assets | <u>83,579.75</u> | <u>15,965.01</u> | <u>99,544.76</u> |
| Noncurrent assets: | | | |
| Furniture, machinery & equipment | 491,262.42 | 284,704.78 | 775,967.20 |
| Less accumulated depreciation | <u>(343,364.82)</u> | <u>(122,727.73)</u> | <u>(466,092.55)</u> |
| Total noncurrent assets | <u>147,897.60</u> | <u>161,977.05</u> | <u>309,874.65</u> |
| Total assets | <u><u>231,477.35</u></u> | <u><u>177,942.06</u></u> | <u><u>409,419.41</u></u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Interfund Payable: | | | |
| General Fund | 83,579.75 | 27,584.19 | 111,163.94 |
| Deferred Revenue | | <u>3,290.00</u> | <u>3,290.00</u> |
| Total current liabilities | <u>83,579.75</u> | <u>30,874.19</u> | <u>114,453.94</u> |
| NET ASSETS | | | |
| Invested in Capital Assets Net of | | | |
| Related Debt | 147,897.60 | 161,977.05 | 309,874.65 |
| Contributed Capital | | 38,950.00 | 38,950.00 |
| Unreserved retained earnings | <u>-</u> | <u>(53,859.18)</u> | <u>(53,859.18)</u> |
| Total net assets | <u><u>147,897.60</u></u> | <u><u>147,067.87</u></u> | <u><u>294,965.47</u></u> |

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

WEST MILFORD BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

| | Business-type Activities - Enterprise Fund | | Total Enterprise Fund |
|---|---|-------------------------|--------------------------------------|
| | Food Service | Adult School | |
| Operating revenues: | | | |
| Charges for services: | | | |
| Daily sales - reimbursable lunch programs | 635,169.60 | | 635,169.60 |
| Daily sales - non-reimbursable programs | 241,122.79 | | 241,122.79 |
| Special functions | 11,776.91 | | 11,776.91 |
| Program Fees | | 481,413.94 | 481,413.94 |
| Total operating revenues | <u>888,069.30</u> | <u>481,413.94</u> | <u>1,369,483.24</u> |
| Operating expenses: | | | |
| Cost of sales | 462,530.27 | | 462,530.27 |
| Salaries | 513,375.56 | 363,220.35 | 876,595.91 |
| Employee benefits | 221,539.91 | 88,431.17 | 309,971.08 |
| Purchased professional / technical services | | 59,298.42 | 59,298.42 |
| Repairs | 8,162.90 | | 8,162.90 |
| General supplies | 33,677.90 | 17,538.28 | 51,216.18 |
| Depreciation | 18,813.62 | 9,717.47 | 28,531.09 |
| Miscellaneous | 4,473.14 | 3,434.00 | 7,907.14 |
| Total operating expenses | <u>1,262,573.30</u> | <u>541,639.69</u> | <u>1,804,212.99</u> |
| Operating Income (loss) | <u>(374,504.00)</u> | <u>(60,225.75)</u> | <u>(434,729.75)</u> |
| Nonoperating revenues (expenses): | | | |
| State sources: | | | |
| State school lunch program | 11,419.42 | | 11,419.42 |
| Federal sources: | | | |
| National school lunch program | 186,539.96 | | 186,539.96 |
| School breakfast program | 5,521.44 | | 5,521.44 |
| Food distribution program | 42,723.66 | | 42,723.66 |
| Interest and investment revenue | 2,780.49 | 2,541.65 | 5,322.14 |
| Total nonoperating revenues | <u>248,984.97</u> | <u>2,541.65</u> | <u>251,526.62</u> |
| Income (loss) before transfers | <u>(125,519.03)</u> | <u>(57,684.10)</u> | <u>(183,203.13)</u> |
| Transfers In (Out) | <u>95,147.66</u> | | <u>95,147.66</u> |
| Change in net assets | <u>(30,371.37)</u> | <u>(57,684.10)</u> | <u>(88,055.47)</u> |
| Total Net Asset - Beginning | <u>178,268.97</u> | <u>204,751.97</u> | <u>383,020.94</u> |
| Total net assets—Ending | <u>147,897.60</u> | <u>147,067.87</u> | <u>294,965.47</u> |

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

**WEST MILFORD BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

| | Business-type Activities - Enterprise Funds | | Total Enterprise Fund |
|---|--|-------------------------|--------------------------------------|
| | Food Service | Adult School | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | 885,827.87 | 480,923.94 | 1,366,751.81 |
| Payments to employees | (513,375.56) | (363,220.35) | (876,595.91) |
| Payments to suppliers | (660,698.62) | (165,063.37) | (825,761.99) |
| Net cash used for operating activities | <u>(288,246.31)</u> | <u>(47,359.78)</u> | <u>(335,606.09)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| State Sources | 11,419.42 | | 11,419.42 |
| Federal Sources | 192,061.40 | | 192,061.40 |
| Net cash provided by (used for) non-capital financing activities | <u>203,480.82</u> | <u>-</u> | <u>203,480.82</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest and dividends | 2,780.49 | 2,541.65 | 5,322.14 |
| Net cash provided by investing activities | <u>2,780.49</u> | <u>2,541.65</u> | <u>5,322.14</u> |
| Net increase (decrease) in cash and cash equivalents | (81,985.00) | (44,818.13) | (126,803.13) |
| Operating Transfer in - General Fund | 95,147.66 | | 95,147.66 |
| Balances—beginning of year | 45,174.59 | 60,783.14 | 105,957.73 |
| Balances—end of year | <u>58,337.25</u> | <u>15,965.01</u> | <u>74,302.26</u> |
| Reconciliation of operating loss to net cash used by operating activities: | | | |
| Operating loss | (374,504.00) | (60,225.75) | (434,729.75) |
| Adjustments to reconcile operating loss to net cash used for operating activities | | | |
| Depreciation | 18,813.62 | 9,717.47 | 28,531.09 |
| Food distribution program | 42,723.66 | | 42,723.66 |
| (Increase) / decrease in accounts receivable, net | (2,241.43) | | (2,241.43) |
| (Increase) / decrease in inventories | 1,366.26 | | 1,366.26 |
| Increase / (decrease) in interfund payable | 25,595.58 | 3,638.50 | 29,234.08 |
| Increase / (decrease) in deferred revenue | | (490.00) | (490.00) |
| Net cash used for operating activities | <u>(288,246.31)</u> | <u>(47,359.78)</u> | <u>(335,606.09)</u> |

Noncash Noncapital Financing Activities:

During the year, the district received \$ 42,723.66 of food commodities from the U.S. Department of Agriculture.

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

**WEST MILFORD BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

| | <u>Unemployment Compensation Trust</u> | <u>Private Purpose Scholarship Fund</u> | <u>Agency Fund</u> |
|---|--|---|--------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 967,170.15 | 409,312.77 | 378,049.85 |
| Interfund Accounts Receivable: | | | |
| Agency Fund | <u>16,272.88</u> | | |
| Total assets | <u><u>983,443.03</u></u> | <u><u>409,312.77</u></u> | <u><u>378,049.85</u></u> |
| LIABILITIES | | | |
| Interfund accounts payable: | | | |
| General Fund | | | 5,016.12 |
| Unemployment Trust | | | 16,272.88 |
| Payable to student groups | | | 353,849.56 |
| Payroll deductions and withholdings | | | <u>2,911.29</u> |
| Total liabilities | <u>-</u> | <u>-</u> | <u><u>378,049.85</u></u> |
| NET ASSETS | | | |
| Held in trust for unemployment claims and other purposes | <u><u>983,443.03</u></u> | | |
| Reserved for scholarships | | <u><u>409,312.77</u></u> | |

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

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

| | <u>Unemployment Compensation Trust</u> | <u>Private Purpose Scholarship Fund</u> |
|----------------------------------|--|---|
| ADDITIONS | | |
| Plan Member Contributions | 59,306.89 | <u> </u> |
| Total Contributions | <u>59,306.89</u> | <u> </u> |
| Investment earnings: | | |
| Interest | 10,264.64 | 3,989.62 |
| Net investment earnings | <u>10,264.64</u> | <u>3,989.62</u> |
| Total additions | <u>69,571.53</u> | <u>3,989.62</u> |
| DEDUCTIONS | | |
| Unemployment claims | 157,624.72 | |
| Scholarships awarded | | 500.00 |
| Total deductions | <u>157,624.72</u> | <u>500.00</u> |
| Change in net assets | (88,053.19) | 3,489.62 |
| Net assets—beginning of the year | <u>1,071,496.22</u> | <u>405,823.15</u> |
| Net assets—end of the year | <u><u>983,443.03</u></u> | <u><u>409,312.77</u></u> |

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

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education (“Board”) of the Township of West Milford School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Township of West Milford School District is a Type II district located in the County of Passaic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-12. 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 primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization’s board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation:

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

District-wide Financial Statements:

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *government*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENTAL FUNDS

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

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

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

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

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

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service. The following is a description of the Proprietary Funds of the Board:

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

The Board's Enterprise Fund is comprised of the Food Service Fund and the Adult/Community School.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net assets and changes in net assets. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include the Unemployment Compensation Insurance Fund, the John Walsh Scholarship Trust Fund, the Vogel Scholarship Trust Fund and the Payroll Agency Fund.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net assets and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net assets, except for fiduciary funds.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus: (continued)

Fund Financial Statements

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

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

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education increased the original budget for Extraordinary Aid and Non-Public School Transportation Aid during the fiscal year in the amount of \$974,803.00. The appropriations increased were for various tuition line items, transportation and speech, OT, PT and related services.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets/Budgetary Control: (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 the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

E. Encumbrances:

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

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

F. Cash, Cash Equivalents and Investments:

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

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

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash, Cash Equivalents and Investments: (continued)

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

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

G. Tuition Revenues/Receivable:

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

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Capital Assets:

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

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 29, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Governmental Activities Estimated Lives</u> | <u>Business-Type Activity Estimated Lives</u> |
|-----------------------------------|--|---|
| Sites and Improvements | 20 years | N/A |
| Buildings and Improvements | 7-50 years | N/A |
| Furniture, Equipment and Vehicles | 5-20 years | 5-20 years |

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Compensated Absences:

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

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

M. Deferred Revenue:

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

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Net Assets:

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

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Q. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service and program fees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

R. Contributed Capital:

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

S. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensating absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

U. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

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 District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2011, \$-0- of the District's bank balance of \$5,546,699.25 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 4. RECEIVABLES

Receivables at June 30, 2011 consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

| | <u>Governmental Fund Financial Statements</u> | <u>Enterprise Fund</u> | <u>District Wide Financial Statements</u> |
|------------------------------|---|----------------------------|---|
| State Aid | \$1,158,204.93 | \$ 1,225.70 | \$1,159,430.63 |
| Federal Aid | 298,930.60 | 18,565.06 | 317,495.66 |
| Interfunds | 192,501.11 | - | 116,180.06 |
| Other | <u>209,379.68</u> | <u>1,309.15</u> | <u>210,688.83</u> |
| Gross Receivables | 1,859,016.32 | 21,099.91 | 1,803,795.18 |
| Less: | | | |
| Allowance for Uncollectables | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Receivables Net | <u>\$1,859,016.32</u> | <u>\$21,099.91</u> | <u>\$1,803,795.18</u> |

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Balance due to/from other funds at June 30, 2011 consist of the following:

| | |
|---|---------------------|
| Due to the General Fund from the Payroll Agency Account for interest earned on account. | \$ 3,373.90 |
| Due to the General Fund from the Payroll Account for interest earned on account. | 1,642.22 |
| Due to the General Fund from the Enterprise Fund for Salaries, Health Benefits, Budget amount to Cover the Deficit an State Aid receipts. | 83,579.75 |
| Due to the General Fund from the Capital Projects Fund for interest earned and cancellation of projects. | 76,321.05 |
| Due to the General Fund from the Adult Community School for prior year balance not liquidated. | <u>27,584.19</u> |
| | <u>\$192,501.11</u> |

It is anticipated that all interfunds will be liquidated within the fiscal year.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 6. CAPITAL ASSETS

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

| | <u>Balance 6/30/10</u> | <u>Additions</u> | <u>Deductions</u> | <u>Adjustments</u> | <u>Balance 6/30/11</u> |
|--|----------------------------|----------------------|---------------------|---------------------|----------------------------|
| Governmental Activities | | | | | |
| Capital Assets that are not being depreciated: | | | | | |
| Land | 2,327,249.42 | | | | 2,327,249.42 |
| Construction in Progress | <u>5,417.08</u> | <u>1,269,141.42</u> | | <u>(616,833.18)</u> | <u>657,725.08</u> |
| Total Capital Assets, Not Being Depreciated | <u>2,332,666.50</u> | <u>1,269,141.42</u> | | <u>(616,833.18)</u> | <u>2,984,974.74</u> |
| Capital Assets being depreciated: | | | | | |
| Building and Building improvements | 24,276,179.85 | 291,689.04 | | 332,678.53 | 24,900,547.42 |
| Machinery and equipment | <u>7,156,944.78</u> | <u>492,929.89</u> | <u>(525,794.24)</u> | <u>121,519.19</u> | <u>7,245,599.62</u> |
| Total Capital Assets, Being Depreciated | <u>31,433,124.63</u> | <u>784,618.93</u> | <u>(525,794.24)</u> | <u>454,197.72</u> | <u>32,146,147.04</u> |
| Less Accumulated Depreciation: | | | | | |
| Building and Improvements | (14,217,702.17) | (509,902.23) | | | (14,727,604.40) |
| Equipment | <u>(6,082,557.73)</u> | <u>(213,146.14)</u> | <u>59,489.93</u> | | <u>(6,236,213.94)</u> |
| Total Accumulated Depreciation | <u>(20,300,259.90)</u> | <u>(723,048.37)</u> | <u>59,489.93</u> | | <u>(20,963,818.34)</u> |
| Total Capital Assets Being Depreciated, Net | <u>11,132,864.73</u> | <u>61,570.56</u> | <u>(466,304.31)</u> | <u>454,197.72</u> | <u>11,182,328.70</u> |
| Governmental Activities Capital Assets, Net | <u>13,465,531.23</u> | <u>1,330,711.98</u> | <u>(466,304.31)</u> | <u>(162,635.46)</u> | <u>14,167,303.44</u> |
| Business Type Activities: | | | | | |
| Equipment | 775,967.20 | | | | 775,967.20 |
| Less Accumulated Depreciation: | | | | | |
| Equipment | <u>(437,561.46)</u> | <u>(28,531.09)</u> | | | <u>(466,092.55)</u> |
| Business Type Activities Capital Assets, Net | <u>338,405.74</u> | <u>(28,531.09)</u> | | | <u>309,874.65</u> |

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 6. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Instruction:

| | |
|--|---------------------|
| Regular Education | \$436,041.91 |
| Special Education | 32,172.85 |
| Student & Instruction Related Services | 58,979.58 |
| School Administration | 21,470.75 |
| General Administration | 12,114.22 |
| Plant Operations & Maintenance | 42,548.34 |
| Pupil Transportation | 107,606.50 |
| Capital Services & Admin. Info. Tech. | <u>12,114.22</u> |
| Total Depreciation Expense | <u>\$723,048.37</u> |

NOTE 7. LONG-TERM OBLIGATION ACTIVITY

Changes in long-term obligations for the fiscal year ended June 30, 2011, were as follows:

| | <u>Balance</u> <u>June 30, 2010</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance</u> <u>June 30, 2011</u> | <u>Due Within</u> <u>One Year</u> |
|--|--|---------------------|-----------------------|--|--------------------------------------|
| Capital Lease Payable | \$ 915,662.40 | \$400,000.00 | \$ 499,072.19 | \$ 816,590.21 | \$363,117.08 |
| Compensated Absences | 3,875,902.02 | 424,691.40 | 701,145.61 | 3,599,447.81 | - |
| Bonds Payable | 3,533,000.00 | - | 400,000.00 | 3,133,000.00 | 400,000.00 |
| Public School Facilities Loan Payable | 73,479.19 | - | 17,441.94 | 56,037.25 | 18,032.63 |
| Petroleum UST Remediation Upgrade and Closure Fund Payable | <u>41,026.50</u> | <u>-</u> | <u>4,558.50</u> | <u>36,468.00</u> | <u>4,558.50</u> |
| | <u>\$8,439,070.11</u> | <u>\$824,691.40</u> | <u>\$1,622,218.24</u> | <u>\$7,641,543.27</u> | <u>\$785,708.21</u> |

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)

A. Bonds Payable:

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

Outstanding Bonds Payable at June 30, 2011 consisted of the following:

| <u>Issue</u> | <u>Issue Date</u> | <u>Interest Rate</u> | <u>Date of Maturity</u> | <u>Principal Balance June 30, 2011</u> |
|----------------------|-------------------|----------------------|-------------------------|--|
| School Bonds of 2003 | 7/15/03 | 2.25-3.30% | 9/15/17 | <u>\$3,133,000.00</u> |

Principal and interest due on serial bonds outstanding is as follow:

| <u>Outstanding Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|---------------------|-------------------|---------------------|
| 2012 | 400,000.00 | 96,789.00 | 496,789.00 |
| 2013 | 420,000.00 | 83,259.00 | 503,259.00 |
| 2014 | 445,000.00 | 68,986.50 | 513,986.50 |
| 2015 | 480,000.00 | 53,724.00 | 533,724.00 |
| 2016 | 500,000.00 | 37,554.00 | 537,554.00 |
| 2017-2018 | <u>888,000.00</u> | <u>27,456.00</u> | <u>915,456.00</u> |
| | <u>3,133,000.00</u> | <u>367,768.50</u> | <u>3,500,768.50</u> |

B. Public School Facilities Loan Payable:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------|-----------------|------------------|
| 2012 | 18,032.63 | 2,135.86 | 20,168.49 |
| 2013 | 18,668.48 | 1,305.75 | 19,974.23 |
| 2014 | <u>19,336.14</u> | <u>441.13</u> | <u>19,777.27</u> |
| | <u>56,037.25</u> | <u>3,882.74</u> | <u>59,919.99</u> |

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)

C. Petroleum UST Remediation, Upgrade and Closure Fund Payable:

In March of 2000 and December of 2008, the Board of Education accepted a loan from the New Jersey Economic Development Authority for the remediation, upgrade and/or closure of underground storage tanks. Repayments are to start on April 10, 2002. This is an interest free loan. The details for the remaining years are shown below:

| <u>Year Ending June 30,</u> | <u>Principal</u> |
|-----------------------------|--------------------|
| 2012 | \$4,558.50 |
| 2013 | 4,558.50 |
| 2014 | 4,558.50 |
| 2015 | 4,558.50 |
| 2016-2019 | <u>18,234.00</u> |
| | <u>\$36,468.00</u> |

D. Capital Leases Payable:

The District is leasing transportation equipment, maintenance equipment and classroom equipment under capital leases. All capital leases are for terms of three to eight years.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2011.

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|------------------------------------|---------------------|
| 2012 | \$391,226.27 |
| 2013 | 305,686.27 |
| 2014 | 85,622.55 |
| 2015 | <u>85,622.55</u> |
| Total Minimum Lease Payments | 868,157.64 |
| Less: Amount representing interest | (51,567.40) |
| Present Value of net minimum lease | <u>\$816,590.21</u> |

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)

D. Capital Leases Payable: (continued)

Maturities of capital leases payable are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------------|
| 2012 | \$363,117.08 |
| 2013 | 290,376.29 |
| 2014 | 80,219.72 |
| 2015 | <u>82,877.12</u> |
| Total | <u>\$816,590.21</u> |

NOTE 8. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 8. PENSION PLANS (continued)

Contribution Requirements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% of PERS and 5.5% for TPAF of the employee's annual compensation. Employers are required to contribute at an actuarially determined rate in all Funds except SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. 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.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

| <u>Year Ending</u> | |
|--------------------|--------------|
| 6/30/11 | \$993,731.00 |
| 6/30/10 | 769,933.00 |
| 6/30/09 | 679,842.00 |

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits were as follows:

| <u>Year Ending</u> | <u>Pension Contributions</u> | <u>Post-Retirement Medical Contributions</u> | <u>NCGI Premium</u> |
|--------------------|------------------------------|--|---------------------|
| 6/30/11 | \$ - | \$2,008,535.00 | \$94,564.00 |
| 6/30/10 | - | 1,940,290.00 | 103,309.00 |
| 6/30/09 | - | 1,904,640.00 | 99,837.00 |

During the year ended June 30, 2011, the State of New Jersey contributed \$2,103,099.00 to the TPAF for NCGI premium contributions and post-retirement medical benefits on behalf of the Board, \$94,564.00 for NCGI premium contributions and \$2,008,535.00 for post-retirement medical benefits. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,131,310.12 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. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 8. PENSION PLANS (continued)

Legislation enacted during 1993 provides early retirement incentives for certain members of the TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1993 fiscal year. The early retirement incentives include: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board offered the early retirement incentive program (ERIP) to its employees for both PERS and TPAF.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding 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 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2010, the State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members.

NOTE 10. DEFERRED COMPENSATION

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

| | |
|-----------------------------|-----------|
| Lincoln Financial Advisors | Metlife |
| Lincoln Investment Planning | Valic |
| Vanguard Retirement Annuity | Equitable |

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

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

The District is currently a member of the Pooled Insurance Program of New Jersey (the "Pool"). The Pool provides their members with General Liability, Auto, Crime, Pollution, Excess Liability, Educators Legal Liability, Public Official Bonds and Student Job Training Insurance. The Pools risk-sharing public entity risk pool is both an insured and self administered group of School Districts established for the purpose of providing low-cost insurance coverage for their respective members in order to keep insurance costs at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Pool are elected.

As a member of the Pool, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Pool were to be exhausted, members would become responsible for their respective shares of the Pool's liabilities. However, this Pool has fully reinsured the exposures above all limits subscribed to by its members.

The Pool can declare and distribute dividends to members upon arrival of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Financial statements for the Pool are available at the office of the Pool's administrator, 44 Bergen Street, P.O. Box 270, Westwood, New Jersey 07675.

New Jersey Unemployment Compensation Insurance - 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 expendable trust fund for the current and previous two years:

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 11. RISK MANAGEMENT (continued)

| <u>Fiscal Year</u> | <u>Interest Earnings/ District Contributions</u> | <u>Contributions</u> | <u>State of NJ Reimbursement</u> | <u>Reimbursed</u> | <u>Balance</u> |
|--------------------|--|----------------------|--------------------------------------|-------------------|----------------|
| 2010-2011 | \$10,264.64 | \$59,306.89 | \$157,624.72 | \$ - | \$ 983,443.03 |
| 2009-2010 | 10,614.45 | 61,731.33 | 107,135.24 | - | 1,071,496.22 |
| 2008-2009 | 29,844.39 | 61,763.08 | | 29,887.00 | 1,106,285.68 |

NOTE 12. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of West Milford Board of Education by inclusion of \$10,000.00 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the 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 unappropriated 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. 6A:23A-2.14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follows:

| | |
|---------------------------------|---------------------|
| Beginning balance, July 1, 2010 | \$590,907.66 |
| Interest earnings | <u>1,623.15</u> |
| Transfer to Capital Projects | <u>(439,000.00)</u> |
| Ending balance, June 30, 2011 | <u>\$153,530.81</u> |

The balance in the capital reserve account at June 30, 2011, does not exceed the balance of local support costs of uncompleted capital projects in its LRFP. The withdrawals from the capital reserve were for use in a DDE approved facilities project, consistent with the District's long-range facilities plan.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 13. FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$2,944,015.35 General Fund fund balance at June 30, 2011, \$398,501.80 is reserved for encumbrances; \$1,657,804.79 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$153,530.81 has been reserved in the Capital Reserve Account; \$750,000.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2012; and \$(15,822.05) is unreserved and undesignated.

Debt Service Fund - The Debt Service Fund fund balance at June 30, 2011 of \$133,476.99 is unreserved and undesignated.

NOTE 14. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2011 is \$1,657,804.79 of which \$1,657,804.79 is the result of current year operations.

NOTE 15. INVENTORY

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

| | |
|----------|-------------------|
| Food | \$2,178.96 |
| Supplies | <u>1,963.63</u> |
| | <u>\$4,142.59</u> |

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

**Township of West Milford School District
Notes to the Basic Financial Statements
for the Fiscal Year Ended June 30, 2011**

NOTE 16. CONTINGENT LIABILITIES

Counsel has advised us that there are various matters for which they have been engaged. None of the matters will have a material adverse effect on the financial position of the School District.

**REQUIRED SUPPLEMENTARY STATEMENTS
PART II**

BUDGETARY COMPARISON SCHEDULE

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

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|----------------------|---------------------|----------------------|----------------------|-----------------------------|
| REVENUES: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | 49,379,479.00 | | 49,379,479.00 | 49,379,479.00 | - |
| Tuition - Individuals | 5,000.00 | | 5,000.00 | 6,590.00 | 1,590.00 |
| Tuition From Other LEAS Within the State | 195,000.00 | | 195,000.00 | 248,881.53 | 53,881.53 |
| Transportation Fees from Other LEA's | 40,000.00 | | 40,000.00 | 53,555.52 | 13,555.52 |
| Interest Earned on Capital Reserve Funds | 3,000.00 | | 3,000.00 | 1,623.15 | (1,376.85) |
| Other Restricted Miscellaneous Revenues | 400,000.00 | | 400,000.00 | | (400,000.00) |
| Unrestricted Miscellaneous Revenues | 432,250.00 | | 432,250.00 | 232,659.58 | (199,590.42) |
| Total - Local Sources | 50,454,729.00 | - | 50,454,729.00 | 49,922,788.78 | (531,940.22) |
| State Sources: | | | | | |
| Equalization Aid | 10,140,424.00 | | 10,140,424.00 | 10,140,424.00 | - |
| Categorical Special Education Aid | 2,122,002.00 | | 2,122,002.00 | 2,122,002.00 | - |
| Categorical Security Aid | 304,246.00 | | 304,246.00 | 304,246.00 | - |
| Categorical Transportation Aid | 366,001.00 | | 366,001.00 | 366,001.00 | - |
| Nonpublic School Transportation Aid | | 57,823.00 | 57,823.00 | 46,483.80 | (11,339.20) |
| Extraordinary Aid | 928,000.00 | 916,980.00 | 1,844,980.00 | 757,925.00 | (1,087,055.00) |
| On-behalf TPAF NCGI Premium (non-budgeted) | | | | 94,564.00 | 94,564.00 |
| On-behalf TPAF Post Retirement Medical (non-budgeted) | | | | 2,008,535.00 | 2,008,535.00 |
| TPAF Social Security (Reimbursed - Non-Budgeted) | | | | 2,131,310.12 | 2,131,310.12 |
| Total State Sources | 13,860,673.00 | 974,803.00 | 14,835,476.00 | 17,971,490.92 | 3,136,014.92 |
| Federal Sources: | | | | | |
| Medicaid Reimbursement | 34,283.00 | | 34,283.00 | 74,576.75 | 40,293.75 |
| Total Federal Sources | 34,283.00 | - | 34,283.00 | 74,576.75 | 40,293.75 |
| Total Revenues | 64,349,685.00 | 974,803.00 | 65,324,488.00 | 67,968,856.45 | 2,644,368.45 |
| EXPENDITURES: | | | | | |
| Current Expense: | | | | | |
| Regular Programs - Instruction | | | | | |
| Kindergarten - Salaries of Teachers | 563,210.00 | (105,000.00) | 458,210.00 | 443,005.85 | 15,204.15 |
| Grades 1-5 - Salaries of Teachers | 6,053,270.00 | (200,000.00) | 5,853,270.00 | 5,822,908.04 | 30,361.96 |
| Grades 6-8 - Salaries of Teachers | 3,871,320.00 | 45,000.00 | 3,916,320.00 | 3,909,740.83 | 6,579.17 |
| Grades 9-12 - Salaries of Teachers | 6,639,310.00 | (403,069.00) | 6,236,241.00 | 6,236,240.52 | 0.48 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 69,130.00 | - | 69,130.00 | 45,350.35 | 23,779.65 |
| Purchased Professional-Educational Services | 25,000.00 | 34,964.00 | 59,964.00 | 59,462.38 | 501.62 |
| Regular Programs - Undistributed Instruction | | | | | |
| Other Salaries for Instruction | 332,215.00 | 85,000.00 | 417,215.00 | 415,483.55 | 1,731.45 |
| Purchased Professional-Educational Services | 10,800.00 | 20.00 | 10,820.00 | 6,000.16 | 4,819.84 |
| Purchased Technical Services | 7,550.00 | (1,123.00) | 6,427.00 | 4,296.09 | 2,130.91 |
| Other Purchased Services (400-500 series) | 46,180.00 | 872.00 | 47,052.00 | 44,370.32 | 2,681.68 |
| General Supplies | 777,439.29 | (28,281.18) | 749,158.11 | 700,652.87 | 48,505.24 |
| Textbooks | 127,133.83 | (9,726.52) | 117,407.31 | 105,809.89 | 11,597.42 |
| Other Objects | 10,575.00 | (620.00) | 9,955.00 | 4,924.00 | 5,031.00 |
| TOTAL REGULAR PROGRAMS - INSTRUCTION | 18,533,133.12 | (581,963.70) | 17,951,169.42 | 17,798,244.85 | 152,924.57 |
| SPECIAL EDUCATION - INSTRUCTION | | | | | |
| Cognitive - Moderate | | | | | |
| General Supplies | 1,000.00 | - | 1,000.00 | 513.63 | 486.37 |
| Total Cognitive - Moderate | 1,000.00 | - | 1,000.00 | 513.63 | 486.37 |
| SPECIAL EDUCATION - INSTRUCTION | | | | | |
| Learning and/or Language Disabilities | | | | | |
| Salaries of Teachers | 451,650.00 | (181,000.00) | 270,650.00 | 261,090.00 | 9,560.00 |
| Other Salaries for Instruction | 258,289.00 | (65,000.00) | 193,289.00 | 171,121.70 | 22,167.30 |
| General Supplies | 4,200.00 | (94.00) | 4,106.00 | 3,927.10 | 178.90 |
| Textbooks | 1,000.00 | 19.00 | 1,019.00 | 1,004.14 | 14.86 |
| Total Learning and/or Language Disabilities | 715,139.00 | (246,075.00) | 469,064.00 | 437,142.94 | 31,921.06 |
| Behavioral Disabilities: | | | | | |
| Salaries of Teachers | 290,100.00 | - | 290,100.00 | 246,940.00 | 43,160.00 |
| Other Salaries for Instruction | 150,590.00 | - | 150,590.00 | 149,934.00 | 656.00 |
| General Supplies | 8,065.00 | (2,500.00) | 5,565.00 | 4,582.40 | 982.60 |
| Total Behavioral Disabilities | 448,755.00 | (2,500.00) | 446,255.00 | 401,456.40 | 44,798.60 |
| Multiple Disabilities: | | | | | |
| Salaries of Teachers | 51,440.00 | - | 51,440.00 | 51,400.00 | 40.00 |
| Other Salaries for Instruction | 121,520.00 | 23,000.00 | 144,520.00 | 144,432.15 | 87.85 |
| General Supplies | 1,500.00 | (375.00) | 1,125.00 | 1,114.26 | 10.74 |
| Total Multiple Disabilities | 174,460.00 | 22,625.00 | 197,085.00 | 196,946.41 | 138.59 |
| Resource Room/Resource Center: | | | | | |
| Salaries of Teachers | 3,467,950.00 | 41,952.00 | 3,509,902.00 | 3,509,902.00 | - |
| Other Salaries for Instruction | 613,330.00 | 36,734.00 | 650,064.00 | 650,063.96 | 0.04 |
| General Supplies | 21,925.00 | (1,046.00) | 20,879.00 | 19,566.64 | 1,312.36 |
| Textbooks | 5,125.00 | (176.00) | 4,949.00 | 4,102.81 | 846.19 |
| Total Resource Room/Resource Center | 4,108,330.00 | 77,464.00 | 4,185,794.00 | 4,183,635.41 | 2,158.59 |
| Preschool Disabilities - Part-Time: | | | | | |
| Salaries of Teachers | 121,560.00 | 1,650.00 | 123,210.00 | 123,210.00 | - |
| Other Salaries for Instruction | 138,100.00 | - | 138,100.00 | 128,941.12 | 9,158.88 |
| General Supplies | 250.00 | 4,500.00 | 4,750.00 | 4,572.66 | 177.34 |
| Total Preschool Disabilities - Part-Time | 259,910.00 | 6,150.00 | 266,060.00 | 256,723.78 | 9,336.22 |

WEST MILFORD BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2011

Exhibit C-1
 Page 2 of 5

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|---------------|-----------------------------|
| Home Instruction | | | | | |
| Purchased Professional - Educational Services | 10,500.00 | 20,500.00 | 31,000.00 | 20,937.24 | 10,062.76 |
| Total Home Instruction | 10,500.00 | 20,500.00 | 31,000.00 | 20,937.24 | 10,062.76 |
| TOTAL SPECIAL EDUCATION - INSTRUCTION | 5,718,094.00 | (121,836.00) | 5,596,258.00 | 5,497,355.81 | 98,902.19 |
| Basic Skills/Remedial - Instruction | | | | | |
| Salaries of Teachers | 485,940.00 | (192,000.00) | 293,940.00 | 293,021.47 | 918.53 |
| General Supplies | 2,725.00 | (160.00) | 2,565.00 | 2,446.24 | 118.76 |
| Textbooks | 220.00 | - | 220.00 | 85.53 | 134.47 |
| Total Basic Skills/Remedial - Instruction | 488,885.00 | (192,160.00) | 296,725.00 | 295,553.24 | 1,171.76 |
| Bilingual Education - Instruction | | | | | |
| Salaries of Teachers | 81,850.00 | 2,386.00 | 84,236.00 | 84,236.00 | - |
| Other Purchased Services (400-500 series) | 600.00 | - | 600.00 | 533.26 | 66.74 |
| General Supplies | 100.00 | - | 100.00 | 86.41 | 13.59 |
| Textbooks | 100.00 | - | 100.00 | 99.99 | 0.01 |
| Other Objects | 219.00 | - | 219.00 | 35.00 | 184.00 |
| Total Bilingual Education - Instruction | 82,869.00 | 2,386.00 | 85,255.00 | 84,990.66 | 264.34 |
| School-Spon. Cocurricular Actives. - Inst. | | | | | |
| Salaries | 138,420.00 | 1,520.00 | 139,940.00 | 118,068.08 | 21,871.92 |
| Supplies and Materials | 950.00 | (550.00) | 400.00 | 400.00 | 400.00 |
| Other Objects | 350.00 | 550.00 | 900.00 | 700.02 | 199.98 |
| Total School-Spon. Cocurricular Actives. - Inst. | 139,720.00 | 1,520.00 | 141,240.00 | 118,768.10 | 22,471.90 |
| School-Spon. Athletics - Inst. | | | | | |
| Salaries | 450,670.00 | 105,223.00 | 555,893.00 | 467,626.28 | 88,266.72 |
| Purchased Services (300-500 Series) | 126,509.00 | - | 126,509.00 | 103,764.19 | 22,744.81 |
| Supplies and Materials | 66,529.20 | - | 66,529.20 | 63,979.42 | 2,549.78 |
| Other Objects | 39,725.00 | - | 39,725.00 | 29,883.71 | 9,841.29 |
| Total School-Spon. Athletics - Inst. | 683,433.20 | 105,223.00 | 788,656.20 | 665,253.60 | 123,402.60 |
| Other Supplemental/At Risk Programs - Instruction | | | | | |
| Salaries of Reading Specialists | 346,460.00 | 88,000.00 | 434,460.00 | 434,428.00 | 32.00 |
| Total Other Supplemental/At Risk Programs - Instruction | 346,460.00 | 88,000.00 | 434,460.00 | 434,428.00 | 32.00 |
| Total Instruction | 25,992,594.32 | (698,830.70) | 25,293,763.62 | 24,894,594.26 | 399,169.36 |
| Undistributed Expenditures - Instruction: | | | | | |
| Tuition to Other LEAS Within the State - Regular | 63,000.00 | 63,200.00 | 126,200.00 | 10,067.96 | 116,132.04 |
| Tuition to Other LEAS Within the State - Special | 221,655.00 | 158,745.00 | 380,400.00 | 358,219.40 | 22,180.60 |
| Tuition to County Voc. School Dist. - Regular | 96,406.00 | - | 96,406.00 | 82,288.00 | 14,118.00 |
| Tuition to County Voc. School Dist. - Special | 181,600.00 | 54,500.00 | 236,100.00 | 111,712.50 | 124,387.50 |
| Tuition to CSSD & Reg. Day Schools | 73,227.00 | (57,245.00) | 15,982.00 | 6,623.00 | 9,359.00 |
| Tuition to Private School for Disabled w/in State | 2,932,323.00 | 564,310.00 | 3,496,633.00 | 2,880,419.24 | 616,213.76 |
| Tuition - State Facilities | 5,150.00 | - | 5,150.00 | - | 5,150.00 |
| Total Undistributed Expenditures - Instruction: | 3,573,361.00 | 783,510.00 | 4,356,871.00 | 3,449,330.10 | 907,540.90 |
| Undistributed Expend. - Attend. & Social Work | | | | | |
| Salaries | 137,580.00 | 849.00 | 138,429.00 | 138,428.07 | 0.93 |
| Total Undistributed Expend. - Attend. & Social Work | 137,580.00 | 849.00 | 138,429.00 | 138,428.07 | 0.93 |
| Undist. Expend. - Health Services | | | | | |
| Salaries | 637,650.00 | 30,000.00 | 667,650.00 | 656,600.87 | 11,049.13 |
| Purchased Professional and Technical Services | 28,100.00 | 6,145.00 | 34,245.00 | 31,531.60 | 2,713.40 |
| Supplies and Materials | 11,526.00 | 103.00 | 11,629.00 | 9,537.08 | 2,091.92 |
| Total Undistributed Expenditures - Health Services | 677,276.00 | 36,248.00 | 713,524.00 | 697,669.55 | 15,854.45 |
| Undist. Expend.-Speech, OT, PT & Related Serv. | | | | | |
| Salaries | 793,020.00 | 22,000.00 | 815,020.00 | 811,620.00 | 3,400.00 |
| Purchased Professional - Educational Services | 338,696.00 | 71,833.00 | 410,529.00 | 369,749.43 | 40,779.57 |
| Supplies and Materials | 24,880.85 | 4,182.00 | 29,062.85 | 28,907.17 | 155.68 |
| Total Undist. Expend.-Speech, OT, PT & Related Serv. | 1,156,596.85 | 98,015.00 | 1,254,611.85 | 1,210,276.60 | 44,335.25 |
| Undist. Expend. - Guidance | | | | | |
| Salaries of Other Professional Staff | 832,080.00 | - | 832,080.00 | 762,479.10 | 69,600.90 |
| Salaries of Secretarial and Clerical Assistants | 150,460.00 | - | 150,460.00 | 113,797.72 | 36,662.28 |
| Purchased Professional - Educational Services | 650.00 | (425.00) | 225.00 | 224.20 | 0.80 |
| Other Purchased Prof. And Tech. Services | 15,381.00 | 2,935.00 | 18,316.00 | 8,973.18 | 9,342.82 |
| Supplies and Materials | 10,011.00 | 1,121.00 | 11,132.00 | 8,945.33 | 2,186.67 |
| Total Undist. Expend. - Guidance | 1,008,582.00 | 3,631.00 | 1,012,213.00 | 894,419.53 | 117,793.47 |
| Undist. Expend.-Child Study Teams | | | | | |
| Salaries of Other Professional Staff | 1,728,500.00 | 6,614.00 | 1,735,114.00 | 1,731,618.92 | 3,495.08 |
| Salaries of Secretarial and Clerical Assistants | 235,650.00 | (3,944.00) | 231,706.00 | 230,559.23 | 1,146.77 |
| Purchased Professional - Educational Services | 31,590.00 | - | 31,590.00 | - | 31,590.00 |
| Misc. Purchase Service (400-500 series other than resid costs) | 2,020.00 | - | 2,020.00 | 2,016.00 | 4.00 |
| Supplies and Materials | 23,374.00 | (4,500.00) | 18,874.00 | 17,617.96 | 1,256.04 |
| Other Objects | 6,700.00 | - | 6,700.00 | 6,544.06 | 155.94 |
| Total Undist. Expend.-Child Study Teams | 2,027,834.00 | (1,830.00) | 2,026,004.00 | 1,988,356.17 | 37,647.83 |

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

Exhibit C-1
Page 3 of 5

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------------|
| Undist. Expend. - Improvement of Inst. Serv. | | | | | |
| Salaries of Supervisor of Instruction | 692,740.00 | 126,000.00 | 818,740.00 | 818,656.49 | 83.51 |
| Salaries of Secr and Clerical Assist. | 6,860.00 | - | 6,860.00 | 1,811.98 | 5,048.02 |
| Purchased Prof - Educational Services | 1,500.00 | - | 1,500.00 | - | 1,500.00 |
| Other Purch Services (400-500) | 400.00 | - | 400.00 | 71.72 | 328.28 |
| Supplies and Materials | 499.00 | - | 499.00 | 493.43 | 5.57 |
| Other Objects | 670.00 | - | 670.00 | 414.00 | 256.00 |
| Total Undist. Expend. - Improvement of Inst. Serv. | 702,669.00 | 126,000.00 | 828,669.00 | 821,447.62 | 7,221.38 |
| Undist. Expend. - Edu. Media Serv./Sch. Library | | | | | |
| Salaries | 542,480.00 | - | 542,480.00 | 502,273.00 | 40,207.00 |
| Supplies and Materials | 102,972.00 | (38.00) | 102,934.00 | 99,747.20 | 3,186.80 |
| Other Objects | 315.00 | - | 315.00 | 315.00 | - |
| Total Undist. Expend. - Edu. Media Serv./Sch. Library | 645,767.00 | (38.00) | 645,729.00 | 602,335.20 | 43,393.80 |
| Undist. Expend. - Instructional Staff Training Serv. | | | | | |
| Salaries of Supervisors of Instruction | 54,540.00 | - | 54,540.00 | 52,988.52 | 1,551.48 |
| Salaries of Secretarial and Clerical Assist. | 4,590.00 | - | 4,590.00 | - | 4,590.00 |
| Other Purchased Prof. and Tech. Services | 200.00 | - | 200.00 | - | 200.00 |
| Other Purchased Services (400-500 series) | 530.00 | - | 530.00 | - | 530.00 |
| Supplies and Materials | 312.00 | - | 312.00 | 81.83 | 230.17 |
| Other Objects | 23,128.00 | (4,849.06) | 18,278.94 | 14,223.73 | 4,055.21 |
| Total Undist. Expend. - Instructional Staff Training Serv. | 83,300.00 | (4,849.06) | 78,450.94 | 67,294.08 | 11,156.86 |
| Undist. Expend. - Supp. Serv. - General Admin. | | | | | |
| Salaries | 602,350.00 | 3,177.00 | 605,527.00 | 576,934.21 | 28,592.79 |
| Legal Services | 103,092.96 | 41,284.00 | 144,376.96 | 137,376.00 | 7,000.96 |
| Audit Fees | 53,850.00 | 1,745.00 | 55,595.00 | 28,745.00 | 26,850.00 |
| Architectural / Engineering Services | 4,500.00 | 6,574.00 | 11,074.00 | 10,473.27 | 600.73 |
| Other Purchased Professional Services | - | 18,750.00 | 18,750.00 | 14,283.33 | 4,466.67 |
| Purchased Technical Services | 9,070.00 | 23,100.00 | 32,170.00 | 30,386.70 | 1,783.30 |
| Communications/Telephone | 202,487.00 | 54,450.00 | 256,937.00 | 254,813.49 | 2,123.51 |
| BOE Other Purchased Services | 3,200.00 | (3,151.00) | 49.00 | 47.88 | 1.12 |
| Misc. Purchased Services (400-500) | 40,950.00 | (12,243.00) | 28,707.00 | 26,974.12 | 1,732.88 |
| General Supplies | 23,674.00 | (1,776.00) | 21,898.00 | 19,570.52 | 2,327.48 |
| Judgment Against School District | 15,000.00 | (15,000.00) | - | - | - |
| Miscellaneous Expenditures | 55,370.00 | (7,687.00) | 47,683.00 | 39,820.44 | 7,862.56 |
| BOE Membership Dues and Fees | 34,130.00 | (5,109.00) | 29,021.00 | 29,020.75 | 0.25 |
| Total Undist. Expend. - Supp. Serv. - General Admin. | 1,147,673.96 | 104,114.00 | 1,251,787.96 | 1,168,443.71 | 83,344.25 |
| Undist. Expend. - Support Serv. - School Admin. | | | | | |
| Salaries of Principals/Asst. Principals/Prog. Dir. | 1,680,330.00 | 53,000.00 | 1,733,330.00 | 1,717,700.39 | 15,629.61 |
| Salaries of Secretarial and Clerical Assistants | 897,660.00 | (6,500.00) | 891,160.00 | 864,957.83 | 26,202.17 |
| Purchased Professional and Technical Services | 20,488.00 | - | 20,488.00 | 8,234.05 | 12,253.95 |
| Other Purchased Services (400-500 series) | 9,390.00 | - | 9,390.00 | 6,567.00 | 2,823.00 |
| Supplies and Materials | 19,143.07 | 260.00 | 19,403.07 | 12,476.55 | 6,926.52 |
| Other Objects | 4,663.00 | (136.00) | 4,527.00 | 3,458.51 | 1,068.49 |
| Total Undist. Expend. - Support Serv. - School Admin. | 2,631,674.07 | 46,624.00 | 2,678,298.07 | 2,613,394.33 | 64,903.74 |
| Undist. Expend. - Central Services | | | | | |
| Salaries | 422,610.00 | 6,676.00 | 429,286.00 | 425,006.24 | 4,279.76 |
| Purchased Technical Services | 22,050.00 | 83.00 | 22,133.00 | 22,132.50 | 0.50 |
| Misc. Purchased Services (400-500 series) | 900.00 | - | 900.00 | 111.60 | 788.40 |
| Supplies and Materials | 15,850.00 | (250.00) | 15,600.00 | 13,534.18 | 2,065.82 |
| Miscellaneous Expenditures | 6,300.00 | 2,949.00 | 9,249.00 | 9,248.14 | 0.86 |
| Total Undist. Expend. - Central Services | 467,710.00 | 9,458.00 | 477,168.00 | 470,032.66 | 7,135.34 |
| Undist. Expend. - Admin. Info. Tech. | | | | | |
| Salaries | 372,640.00 | 27,000.00 | 399,640.00 | 399,199.76 | 440.24 |
| Purchased Technical Services | 38,150.00 | 10,008.00 | 48,158.00 | 48,157.50 | 0.50 |
| Other Purchased Services (400-500 series) | 2,518.00 | - | 2,518.00 | 2,433.07 | 84.93 |
| Supplies and Materials | 4,207.00 | (3,230.00) | 977.00 | 976.34 | 0.66 |
| Other Objects | 200.00 | - | 200.00 | 95.00 | 105.00 |
| Total Undist. Expend. - Admin. Info. Tech. | 417,715.00 | 33,778.00 | 451,493.00 | 450,861.67 | 631.33 |
| Undist. Expend. - Required Maint. For School Facilities | | | | | |
| Salaries | 346,290.00 | - | 346,290.00 | 331,517.34 | 14,772.66 |
| Cleaning, Repair and Maintenance Services | 303,453.56 | (41,369.50) | 262,084.06 | 215,179.88 | 46,904.18 |
| General Supplies | 94,919.55 | (12,300.00) | 82,619.55 | 79,935.53 | 2,684.02 |
| Total Undist. Expend. - Required Maint. For School Facilities | 744,663.11 | (53,669.50) | 690,993.61 | 626,632.75 | 64,360.86 |
| Undist. Expend. - Custodial Services | | | | | |
| Salaries | 2,702,085.00 | (223,000.00) | 2,479,085.00 | 2,460,284.80 | 18,800.20 |
| Purchased Professional and Technical Services | 20,500.00 | 288.70 | 20,788.70 | 11,785.13 | 9,003.57 |
| Cleaning, Repair and Maintenance Services | 129,703.00 | 26,039.00 | 155,742.00 | 113,240.88 | 42,501.12 |
| Other Purchased Property Services | 124,275.00 | 850.00 | 125,125.00 | 89,430.43 | 35,694.57 |
| Insurance | 634,675.00 | (123,111.00) | 511,564.00 | 489,813.98 | 21,750.02 |
| General Supplies | 175,342.00 | 10,730.50 | 186,072.50 | 173,683.12 | 12,389.38 |
| Energy (Energy and Electricity) | 729,600.00 | 41,515.00 | 771,115.00 | 771,114.36 | 0.64 |
| Other Objects | 12,300.00 | 6,500.00 | 18,800.00 | 18,429.57 | 370.43 |
| Energy (Natural Gas) | 552,000.00 | (37,950.00) | 514,050.00 | 343,968.31 | 170,081.69 |
| Energy (Oil) | 61,000.00 | 33,800.00 | 94,800.00 | 94,762.65 | 37.35 |
| Total Undist. Expend. - Custodial Services | 5,141,480.00 | (264,337.80) | 4,877,142.20 | 4,566,513.23 | 310,628.97 |

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

**Exhibit C-1
Page 4 of 5**

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|---------------|-----------------------------|
| Undist. Expend. - Care & Upkeep of Grounds | | | | | |
| Salaries | 181,970.00 | 2,171.00 | 184,141.00 | 184,140.24 | 0.76 |
| Total Care & Upkeep of Grounds | 181,970.00 | 2,171.00 | 184,141.00 | 184,140.24 | 0.76 |
| Undist. Expend. - Security | | | | | |
| Salaries | 65,530.00 | 13,000.00 | 78,530.00 | 78,313.92 | 216.08 |
| Purchased Professional and Technical Services | 1,000.00 | 11.30 | 1,011.30 | 1,011.30 | - |
| Total Security | 66,530.00 | 13,011.30 | 79,541.30 | 79,325.22 | 216.08 |
| Total Undist. Expend. - Oper. & Maint. Plant Services | 6,134,643.11 | (302,825.00) | 5,831,818.11 | 5,456,611.44 | 375,206.67 |
| Undist. Expend. - Student Transportation Serv. | | | | | |
| Sal. For Pupil Trans. (between home and school) - Regular | 1,599,080.00 | (68,000.00) | 1,531,080.00 | 1,437,623.48 | 93,456.52 |
| Sal. For Pupil Trans. (between home and school) - Spec. Ed. | 784,990.00 | - | 784,990.00 | 729,403.07 | 55,586.93 |
| Sal. For Pupil Trans. (other than between home and school) | 154,880.00 | - | 154,880.00 | 106,980.55 | 47,899.45 |
| Sal. For Pupil Trans. (bet. home and school) - Nonpublic Sch | 37,190.00 | - | 37,190.00 | 25,611.02 | 11,578.98 |
| Management Fee - ESC & CTSA Trans. Program | 32,000.00 | - | 32,000.00 | 26,225.54 | 5,774.46 |
| Other Purchased Professional and Technical Services | 21,380.00 | - | 21,380.00 | 18,775.64 | 2,604.36 |
| Cleaning, Repair, & Maint. Services | 33,000.00 | - | 33,000.00 | 23,959.62 | 9,040.38 |
| Rental Payments - School Buses | 740.00 | - | 740.00 | 739.00 | 1.00 |
| Lease Purchase Payments - School Buses | 398,300.00 | - | 398,300.00 | 310,760.86 | 87,539.14 |
| Contracted Services - (Bet. Home and Sch) - Vendors | 591,840.00 | 29,397.84 | 621,237.84 | 621,237.84 | - |
| Contracted Services - (Other than Bet. Home & Sch) - Vendors | 22,770.00 | - | 22,770.00 | - | 22,770.00 |
| Contracted Services - (Sp Ed Stds) - Vendors | 610,890.00 | (247.84) | 610,642.16 | 481,481.55 | 129,160.61 |
| Contract Services - Aid in Lieu of Payments - Nonpub. Students | 215,073.22 | (21,827.00) | 193,246.22 | 175,208.74 | 18,037.48 |
| Miscellaneous Purchased Services - Transportation | 4,350.00 | - | 4,350.00 | 2,248.74 | 2,101.26 |
| Transportation Supplies | 464,932.00 | 48,090.00 | 513,022.00 | 512,917.90 | 104.10 |
| Other Objects | 3,960.00 | - | 3,960.00 | 1,467.88 | 2,492.12 |
| Total Undist. Expend. - Student Transportation Serv. | 4,975,375.22 | (12,587.00) | 4,962,788.22 | 4,474,641.43 | 488,146.79 |
| UNALLOCATED BENEFITS | | | | | |
| Social Security Contributions | 876,500.00 | 8,004.00 | 884,504.00 | 884,503.29 | 0.71 |
| Other Retirement Contributions - Regular | 775,000.00 | 229,000.00 | 1,004,000.00 | 997,030.41 | 6,969.59 |
| Workmen's Compensation | 445,000.00 | 54,000.00 | 499,000.00 | 498,998.00 | 2.00 |
| Health Benefits | 9,990,480.00 | (196,102.00) | 9,794,378.00 | 9,373,042.78 | 421,335.22 |
| Tuition Reimbursement | 114,885.83 | - | 114,885.83 | 98,240.59 | 16,645.24 |
| Other Employee Benefits | 219,775.00 | 476,271.00 | 696,046.00 | 696,045.50 | 0.50 |
| TOTAL UNALLOCATED BENEFITS | 12,421,640.83 | 571,173.00 | 12,992,813.83 | 12,547,860.57 | 444,953.26 |
| On-behalf TPAF NCGI Premium (non-budgeted) | - | - | - | 94,564.00 | (94,564.00) |
| On-behalf TPAF Post Retirement Medical (non-budgeted) | - | - | - | 2,008,535.00 | (2,008,535.00) |
| TPAF Social Security (Reimbursed - Non-Budgeted) | - | - | - | 2,131,310.12 | (2,131,310.12) |
| TOTAL ON-BEHALF CONTRIBUTIONS | - | - | - | 4,234,409.12 | (4,234,409.12) |
| TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS | 12,421,640.83 | 571,173.00 | 12,992,813.83 | 16,782,269.69 | (3,789,455.86) |
| TOTAL UNDISTRIBUTED EXPENDITURES | 38,209,398.04 | 1,491,270.94 | 39,700,668.98 | 41,285,813.85 | (1,585,144.87) |
| TOTAL GENERAL CURRENT EXPENSE | 64,201,992.36 | 792,440.24 | 64,994,432.60 | 66,180,408.11 | (1,185,975.51) |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Undistributed: | | | | | |
| Undistributed Expenditures - Instruction | 42,850.00 | 104,725.76 | 147,575.76 | 136,082.50 | 11,493.26 |
| Total Equipment | 42,850.00 | 104,725.76 | 147,575.76 | 136,082.50 | 11,493.26 |
| Facilities Acquisition and Construction Services | | | | | |
| Construction Services | 12,500.00 | 26,719.50 | 39,219.50 | 13,269.50 | 25,950.00 |
| Supplies & Materials | 55,000.00 | 769.50 | 55,769.50 | 55,769.50 | - |
| Other Objects | 19,610.00 | - | 19,610.00 | 19,610.00 | - |
| Total Facilities Acquisition and Construction Services | 87,110.00 | 27,489.00 | 114,599.00 | 88,649.00 | 25,950.00 |
| Assets Acquired Under Capital Leases (non-budgeted) | | | | | |
| Support Services - Transportation | - | - | - | 377,410.00 | (377,410.00) |
| General Administration | - | - | - | 22,590.00 | (22,590.00) |
| Total Assets Acquired Under Capital Leases (non-budgeted) | - | - | - | 400,000.00 | (400,000.00) |
| TOTAL CAPITAL OUTLAY | 129,960.00 | 132,214.76 | 262,174.76 | 624,731.50 | (362,556.74) |
| TOTAL EXPENDITURES | 64,331,952.36 | 924,655.00 | 65,256,607.36 | 66,805,139.61 | (1,548,532.25) |

WEST MILFORD BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2011

Exhibit C-1
 Page 5 of 5

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|-----------------------|---------------------|-----------------------|-----------------------|-----------------------------|
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 17,732.64 | 50,148.00 | 67,880.64 | 1,163,716.84 | 1,095,836.20 |
| Other Financing Sources (Uses): | | | | | |
| Capital Leases (non-budgeted) | | | | 400,000.00 | 400,000.00 |
| Capital Outlay - Transfer to Capital Projects | (1,172,508.00) | | (1,172,508.00) | (605,419.52) | 567,088.48 |
| Capital Reserve - Transfer to Capital Projects Fund | (439,000.00) | | (439,000.00) | (439,000.00) | - |
| Transfer to - Enterprise Fund | (45,000.00) | (50,148.00) | (95,148.00) | (95,147.66) | 0.34 |
| Total Other Financing Sources: | <u>(1,656,508.00)</u> | <u>(50,148.00)</u> | <u>(1,706,656.00)</u> | <u>(739,567.18)</u> | <u>967,088.82</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses) | (1,638,775.36) | 0.00 | (1,638,775.36) | 424,149.66 | 2,062,925.02 |
| Fund Balance, July 1 | 3,801,893.69 | | 3,801,893.69 | 3,801,893.69 | |
| Fund Balance, June 30 | <u>2,163,118.33</u> | <u>0.00</u> | <u>2,163,118.33</u> | <u>4,226,043.35</u> | <u>2,062,925.02</u> |
| Recapitulation of excess (deficiency) of revenues under expenditures: | | | | | |
| Adjustment for prior year encumbrances | (162,775.36) | | (162,775.36) | (162,775.36) | |
| Budgeted Fund Balance | (1,040,000.00) | | (1,040,000.00) | 1,024,301.87 | 2,064,301.87 |
| Budgeted Withdrawal from Capital Reserve | (439,000.00) | | (439,000.00) | (439,000.00) | |
| Increase in capital reserve: | | | | | |
| Interest | 3,000.00 | | 3,000.00 | 1,623.15 | (1,376.85) |
| | <u>(1,638,775.36)</u> | <u>-</u> | <u>(1,638,775.36)</u> | <u>424,149.66</u> | <u>2,062,925.02</u> |
| Recapitulation: | | | | | |
| Restricted Fund Balance: | | | | | |
| Capital Reserve | | | | 153,530.81 | |
| Excess Surplus | | | | 1,657,804.79 | |
| Committed Fund Balance: | | | | | |
| Year End Encumbrances | | | | 398,501.80 | |
| Assigned Fund Balance: | | | | | |
| Designated for Subsequent Year's Expenditures | | | | 750,000.00 | |
| Unassigned Fund Balance | | | | <u>1,266,205.95</u> | |
| | | | | 4,226,043.35 | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | | |
| Last State Aid Payment not recognized on GAAP basis | | | | <u>(1,282,028.00)</u> | |
| | | | | <u>2,944,015.35</u> | |

WEST MILFORD BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2011

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|---------------------|---------------------|---------------------|---------------------|--------------------------|
| REVENUES: | | | | | |
| Local Sources | 91,412.00 | 12,797.29 | 12,797.29 | 11,485.71 | (1,311.58) |
| State Sources | | (85,327.00) | 6,085.00 | 6,028.00 | (57.00) |
| Federal Sources | 1,305,549.00 | 1,259,367.57 | 2,564,916.57 | 2,337,297.58 | (227,618.99) |
| Total Revenues | 1,396,961.00 | 1,186,837.86 | 2,583,798.86 | 2,354,811.29 | (228,987.57) |
| EXPENDITURES: | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | 487,106.00 | 54,204.33 | 541,310.33 | 472,058.53 | 69,251.80 |
| Purchased Professional and Technical Services | | 11,848.00 | 11,848.00 | 4,136.67 | 7,711.33 |
| Other Purchased Services | 814,906.00 | 562,481.00 | 1,377,387.00 | 1,305,962.69 | 71,424.31 |
| General Supplies | 3,537.00 | 117,689.72 | 121,226.72 | 104,540.53 | 16,686.19 |
| Textbooks | 7,415.00 | (4,630.00) | 2,785.00 | 2,728.00 | 57.00 |
| Total Instruction | 1,312,964.00 | 741,593.05 | 2,054,557.05 | 1,889,426.42 | 165,130.63 |
| Support Services | | | | | |
| Salaries of Other Professional Staff | | 37,615.00 | 37,615.00 | 18,331.00 | 19,284.00 |
| Salaries of Secretarial & Clerical Assistants | | 10,104.93 | 10,104.93 | 10,104.93 | - |
| Employee Benefits | | 134,603.74 | 134,603.74 | 127,852.72 | 6,751.02 |
| Purchased Professional and Technical Services | 83,997.00 | 130,914.01 | 214,911.01 | 204,731.74 | 10,179.27 |
| Travel | | 1,305.70 | 1,305.70 | 1,305.70 | - |
| Other Purchased Services | | 47,703.70 | 47,703.70 | 28,525.03 | 19,178.67 |
| Supplies and Materials | | 29,097.73 | 29,097.73 | 21,192.75 | 7,904.98 |
| Total Support Services | 83,997.00 | 391,344.81 | 475,341.81 | 412,043.87 | 63,297.94 |
| Facilities Acquisition and Construction Services: | | | | | |
| Buildings | | 15,134.00 | 15,134.00 | 14,575.00 | 559.00 |
| Instructional Equipment | | 4,318.00 | 4,318.00 | 4,318.00 | - |
| Noninstructional Equipment | | 34,448.00 | 34,448.00 | 34,448.00 | - |
| Total Facilities Acquisition and Construction Services | - | 53,900.00 | 53,900.00 | 53,341.00 | 559.00 |
| Total Expenditures | 1,396,961.00 | 1,186,837.86 | 2,583,798.86 | 2,354,811.29 | 228,987.57 |
| Total Outflows | 1,396,961.00 | 1,186,837.86 | 2,583,798.86 | 2,354,811.29 | 228,987.57 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | - | - | - | - | - |

**WEST MILFORD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011**

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

| | | General Fund | | | Special Revenue Fund |
|--|-------|-----------------|-------|--|----------------------------|
| Sources/inflows of resources | | | | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | [C-1] | 67,968,856.45 | [C-2] | | 2,354,811.29 |
| Difference - budget to GAAP: | | | | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | | | | |
| Add: Prior Year Encumbrances | | N/A | | | 34,957.06 |
| Less: Current Year Encumbrances | | N/A | | | (18,573.83) |
| The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognized the related expense (GASB 33). | | | | | |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year. | | (1,282,028.00) | | | |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | | 1,593,697.00 | | | |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | [B-2] | 68,280,525.45 | [B-2] | | 2,371,194.52 |
| Uses / outflows of resources | | | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | [C-1] | 66,805,139.61 | [C-2] | | 2,354,811.29 |
| Differences - budget to GAAP | | | | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes. | | | | | |
| Add: Prior Year Encumbrances | | N/A | | | 34,957.06 |
| Less: Current Year Encumbrances | | N/A | | | (18,573.83) |
| Total revenues as reported on the statement of revenues expenditures, and changes in fund balances - governmental funds | [B-2] | 66,805,139.61 | [B-2] | | 2,371,194.52 |

OTHER SUPPLEMENTARY INFORMATION

**WEST MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

| | Title I | | Title II | | Title III | | Title IV | | Total 2011 |
|---|---|---|---|---|---|---------------------|----------|--|------------|
| | Part - A Improving Basic Programs Carryover | Part - A Teacher/Principal Training & Recruiting | Part D Enhancing Technology thru Educ. | Lang. Inst. For Limited English Proficient & Immigrant Students | Safe & Drug Free Schools Carryover | | | | |
| REVENUES: | | | | | | | | | |
| Federal sources | 382,579.92 | 118,346.25 | 1,019.00 | 5,764.00 | 1,099.64 | 2,337,297.58 | | | 6,028.00 |
| State sources | 11,485.71 | | | | | 11,485.71 | | | |
| Local sources | | | | | | | | | |
| Total Revenues | 382,579.92 | 118,346.25 | 1,019.00 | 5,764.00 | 1,099.64 | 2,354,811.29 | | | |
| EXPENDITURES: | | | | | | | | | |
| Instruction: | | | | | | | | | |
| Salaries of Teachers | 241,126.50 | 29,446.40 | 3,465.81 | 5,764.00 | 1,021.50 | 472,058.53 | | | 4,136.67 |
| Purchased professional and technical services | 886.67 | 383.00 | | | | 1,305,962.69 | | | 104,540.53 |
| Other purchased services | 1,156.57 | 73,296.07 | 764.00 | | | 2,728.00 | | | |
| General supplies | | | | | | | | | |
| Textbooks | | | | | | | | | |
| Total instruction | 243,169.74 | 103,125.47 | 764.00 | 5,764.00 | 1,021.50 | 1,889,426.42 | | | |
| Support Services: | | | | | | | | | |
| Salaries of Other Professional Staff | 10,000.00 | 104.93 | 18,331.00 | | | 18,331.00 | | | 10,104.93 |
| Salaries of Secretarial & Clerical Assistants | 86,127.77 | 2,252.65 | 1,667.46 | | | 127,852.72 | | | 204,731.74 |
| Employee benefits | 38,062.93 | 2,143.07 | 255.00 | | | 28,525.03 | | | 1,305.70 |
| Purchased prof. & tech. services | 3,643.46 | 8,183.28 | 605.70 | | | 21,192.75 | | | |
| Other purchased services | | | | | | | | | |
| Travel | 700.00 | | | | | | | | |
| Supplies and materials | 1,576.02 | 1,334.85 | | | | | | | |
| Total support services | 139,410.18 | 14,018.78 | 24,241.90 | 255.00 | 78.14 | 412,043.87 | | | |
| Facilities acquisition and construction services: | | | | | | | | | |
| Buildings | | | | | | | | | 14,575.00 |
| Instructional equipment | | 1,202.00 | | | | 4,318.00 | | | 34,448.00 |
| Non-Instructional equipment | | | | | | | | | |
| Total facilities acquisition and construction services | - | 1,202.00 | - | - | - | 53,341.00 | | | |
| Total Expenditures | 382,579.92 | 118,346.25 | 1,019.00 | 5,764.00 | 1,099.64 | 2,354,811.29 | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | - | - | - | - | - | - | | | |

**WEST MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

| | Total Brought Forward from (Ex. E-1b) | L.D.E.A. Part B | | ARRA | | Title I ARRA Carryover | Non-Public Nursing Aid | Non-Public Textbook Aid | Total Carried Forward to (Ex. E-1) |
|---|---------------------------------------|-------------------|------------------|-------------------|------------------|------------------------|------------------------|-------------------------|------------------------------------|
| | | Basic | Preschool | Basic | Preschool | | | | |
| REVENUES: | | | | | | | | | |
| Federal sources | - | 854,337.44 | 39,050.55 | 574,147.00 | 17,462.42 | 192,691.19 | 3,300.00 | 2,728.00 | 1,677,688.60 |
| State sources | - | - | - | - | - | - | - | - | 6,028.00 |
| Local sources | 11,485.71 | - | - | - | - | - | - | - | 11,485.71 |
| Total Revenues | 11,485.71 | 854,337.44 | 39,050.55 | 574,147.00 | 17,462.42 | 192,691.19 | 3,300.00 | 2,728.00 | 1,695,202.31 |
| EXPENDITURES: | | | | | | | | | |
| Instruction: | | | | | | | | | |
| Personal services - salaries | 5,000.00 | - | - | 15,485.72 | - | 98,707.60 | - | - | 119,193.32 |
| Purchased professional and technical services | 800.00 | 838,454.69 | 35,000.00 | 432,408.00 | - | 2,067.00 | - | - | 2,867.00 |
| Other purchased services | - | 2,985.71 | 4,050.55 | - | - | 17,126.46 | - | - | 1,305,962.69 |
| General supplies | - | - | - | - | - | - | - | 2,728.00 | 29,323.89 |
| Textbooks | - | - | - | - | - | - | - | - | 2,728.00 |
| Total instruction | 8,785.71 | 841,287.44 | 39,050.55 | 447,993.72 | 2,328.42 | 117,901.06 | - | 2,728.00 | 1,460,074.90 |
| Support Services: | | | | | | | | | |
| Salaries of Other Professional Staff | - | - | - | - | - | - | - | - | - |
| Salaries of Secretarial & Clerical Assistants | - | - | - | 1,184.66 | - | 7,551.13 | - | - | 8,735.79 |
| Employee benefits | - | - | - | 84,731.74 | - | 67,239.00 | 3,300.00 | - | 155,270.74 |
| Purchased prof. & tech. services | - | - | - | - | - | - | - | - | - |
| Other purchased services | - | - | - | - | - | - | - | - | - |
| Travel | 700.00 | 8,200.00 | - | 9,522.88 | 559.00 | - | - | - | 700.00 |
| Supplies and materials | - | - | - | - | - | - | - | - | 18,281.88 |
| Total support services | 700.00 | 8,200.00 | - | 95,439.28 | 559.00 | 74,790.13 | 3,300.00 | - | 182,988.41 |
| Facilities acquisition and construction services: | | | | | | | | | |
| Buildings | 2,000.00 | 1,116.00 | - | - | 14,575.00 | - | - | - | 14,575.00 |
| Instructional equipment | - | 3,734.00 | - | 30,714.00 | - | - | - | - | 3,116.00 |
| Non-Instructional equipment | - | - | - | - | - | - | - | - | 34,448.00 |
| Total facilities acquisition and construction services | 2,000.00 | 4,850.00 | - | 30,714.00 | 14,575.00 | - | - | - | 52,139.00 |
| Total Expenditures | 11,485.71 | 854,337.44 | 39,050.55 | 574,147.00 | 17,462.42 | 192,691.19 | 3,300.00 | 2,728.00 | 1,695,202.31 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | - | - | - | - | - | - | - | - | - |

**WEST MILFORD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

| | Target Literacy | Target Field Trip Grant | Italian Program Grant | PSE&G Environmental Education | MS&S Dephillips Foundation | Un-sung Hero Award | Total Carried Forward to (Ex. E-1a) |
|---|--------------------|-------------------------------|-----------------------------|-------------------------------------|----------------------------------|--------------------------|--|
| REVENUES: | | | | | | | |
| Federal sources | | | | | | | |
| State sources | 800.00 | 700.00 | 5,000.00 | 1,912.71 | 1,073.00 | 2,000.00 | 11,485.71 |
| Local sources | | | | | | | |
| Total Revenues | 800.00 | 700.00 | 5,000.00 | 1,912.71 | 1,073.00 | 2,000.00 | 11,485.71 |
| EXPENDITURES: | | | | | | | |
| Instruction: | | | | | | | |
| Personal services - salaries | | | 5,000.00 | | | | 5,000.00 |
| Purchased professional and technical services | 800.00 | | | | | | 800.00 |
| Other purchased services | | | | 1,912.71 | 1,073.00 | | 2,985.71 |
| General supplies | | | | | | | |
| Textbooks | | | | | | | |
| Total instruction | 800.00 | - | 5,000.00 | 1,912.71 | 1,073.00 | - | 8,785.71 |
| Support Services: | | | | | | | |
| Salaries of Other Professional Staff | | | | | | | |
| Salaries of Secretarial & Clerical Assistants | | | | | | | |
| Employee benefits | | | | | | | |
| Purchased prof. & tech. services | | | | | | | |
| Other purchased services | | | | | | | |
| Travel | | 700.00 | | | | | 700.00 |
| Supplies and materials | | | | | | | |
| Total support services | | 700.00 | | | | | 700.00 |
| Facilities acquisition and construction services: | | | | | | | |
| Buildings | | | | | | 2,000.00 | 2,000.00 |
| Instructional equipment | | | | | | | |
| Non-instructional equipment | | | | | | | |
| Total facilities acquisition and construction services | | | | | | 2,000.00 | 2,000.00 |
| Total Expenditures | 800.00 | 700.00 | 5,000.00 | 1,912.71 | 1,073.00 | 2,000.00 | 11,485.71 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses) | | | | | | | |

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

REVENUE AND OTHER**FINANCING SOURCES:**

| | |
|-------------------------------|-------------------|
| State Source - SDA Grant | 248,721.90 |
| Transfer from capital outlay | 605,419.52 |
| Transfer from capital reserve | 439,000.00 |
| | <u>439,000.00</u> |

| | |
|----------------|---------------------|
| Total Revenues | <u>1,293,141.42</u> |
|----------------|---------------------|

EXPENDITURES AND OTHER**FINANCING USES:**

| | |
|---|-------------------|
| Purchased professional and technical services | 51,355.23 |
| Construction Services | 1,089,893.00 |
| Equipment Purchases | 127,893.19 |
| | <u>127,893.19</u> |

| | |
|--------------------|---------------------|
| Total Expenditures | <u>1,269,141.42</u> |
|--------------------|---------------------|

| | |
|---|-----------|
| Excess (deficiency) of Revenues Over (under) Expenditures | 24,000.00 |
|---|-----------|

| | |
|----------------------------------|------------------|
| Fund Balance - beginning of year | <u>71,349.70</u> |
|----------------------------------|------------------|

| | |
|-----------------------|-------------------------|
| Fund Balance - ending | <u><u>95,349.70</u></u> |
|-----------------------|-------------------------|

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
UNDERGROUND STORAGE TANK REMEDIATION
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|---------------|--|
| REVENUES AND OTHER FINANCING SOURCES: | | | | |
| State Sources - SDA Grant | 45,585.00 | | 45,585.00 | 45,585.00 |
| Total Revenues | 45,585.00 | - | 45,585.00 | 45,585.00 |
| EXPENDITURES AND OTHER FINANCING SOURCES: | | | | |
| Purchased Professional and Technical Services | 5,417.08 | | 5,417.08 | 45,585.00 |
| Total Expenditures | 5,417.08 | - | 5,417.08 | 45,585.00 |
| Excess (Deficiency) or Revenues Over (under) Expenditures | 40,167.92 | - | 40,167.92 | - |
| Additional Project Information: | | | | |
| Project Numbers | | | N/A | |
| Grant Date | | | N/A | |
| Loans Authorization Date | | | 12/1/2008 | |
| Loans Authorized | | | 45,585.00 | |
| Loans Issued | | | 45,585.00 | |
| Original Authorized Costs | | | 45,585.00 | |
| Additional Authorized Costs | | | - | |
| Revised Authorized Costs | | | 45,585.00 | |
| Percentage Increase over Original Authorized Costs | | | 0.00% | |
| Percentage of Completion | | | 11.88% | |
| Original Target Completion Date | | | June 2012 | |
| Revised Target Completion Date | | | N/A | |

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
BOILER REPLACEMENT AT MAPLE ROAD ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|-------------------|--|
| REVENUES AND OTHER FINANCING SOURCES: | | | | |
| State Sources - SDA Grant | 73,444.28 | | 73,444.28 | 73,444.28 |
| Transfer from Capital Reserve | 150,000.00 | | 150,000.00 | 150,000.00 |
| Total Revenues | 223,444.28 | - | 223,444.28 | 223,444.28 |
| EXPENDITURES AND OTHER FINANCING SOURCES: | | | | |
| Purchased Professional and Technical Services | 14,732.50 | | 14,732.50 | 35,000.00 |
| Construction Services | 177,530.00 | | 177,530.00 | 188,444.28 |
| Total Expenditures | 192,262.50 | - | 192,262.50 | 223,444.28 |
| Excess (Deficiency) or Revenues Over (under) Expenditures | <u>31,181.78</u> | <u>-</u> | <u>31,181.78</u> | <u>-</u> |
| Additional Project Information: | | | | |
| Project Numbers | | 5650-060-09-1001 | | |
| Grant Date | | N/A | | |
| Loans Authorization Date | | 1/15/2009 | | |
| Loans Authorized | | 73,444.28 | | |
| Loans Issued | | 73,444.28 | | |
| Original Authorized Costs | | 242,460.00 | | |
| Additional Authorized Costs | | (19,015.72) | | |
| Revised Authorized Costs | | 223,444.28 | | |
| Percentage Increase (Decrease) over Original Authorized Costs | | -7.843% | | |
| Percentage of Completion | | 86.04% | | |
| Original Target Completion Date | | June 2012 | | |
| Revised Target Completion Date | | N/A | | |

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS SCHOOLS-NEW DOORS, WINDOWS, UV'S, GENERATOR AND SECURITY SYSTEM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|--------------------------|---------------------|-------------------|--|
| REVENUES AND OTHER FINANCING SOURCES: | | | | |
| State Sources - SDA Grant | | 85,376.50 | 85,376.50 | 1,963,436.00 |
| Transfer from Capital Outlay | | 100,000.00 | 100,000.00 | 100,000.00 |
| Transfer from Capital Reserve | | 439,000.00 | 439,000.00 | 2,777,652.00 |
| | | <u>624,376.50</u> | <u>624,376.50</u> | <u>4,841,088.00</u> |
| Total Revenues | - | 624,376.50 | 624,376.50 | 4,841,088.00 |
| EXPENDITURES AND OTHER FINANCING SOURCES: | | | | |
| Purchased Professional and Technical Services | | 41,749.50 | 40,534.50 | 946,408.00 |
| Construction Services | | 559,842.00 | 559,842.00 | 3,894,680.00 |
| | | <u>601,591.50</u> | <u>600,376.50</u> | <u>4,841,088.00</u> |
| Total Expenditures | - | 601,591.50 | 600,376.50 | 4,841,088.00 |
| Excess (Deficiency) or Revenues Over (under) Expenditures | - | <u>22,785.00</u> | <u>24,000.00</u> | - |
| Additional Project Information: | | | | |
| Project Numbers | Apshawa | 5650-042-09-1004 | | |
| | Macopin | 5650-055-09-1006 | | |
| | Maple Road | 5650-060-09-1007 | | |
| | Marshall Hill | 5650-070-09-1010 | | |
| | Paradise Knoll | 5650-080-09-1011 | | |
| | Upper Greenwood Lake | 5650-090-09-1014 | | |
| | West Milford High School | 5650-040-09-1003 | | |
| Grant Date | | | N/A | |
| Loans Authorization Date | | | | |
| Loans Authorized | | | | |
| Loans Issued | | | | |
| Original Authorized Costs | | 4,868,008.00 | | |
| Additional Authorized Costs | | | | |
| Revised Authorized Costs | | 4,868,008.00 | | |
| Percentage Increase (Decrease) over Original Authorized Costs | | | 0.000% | |
| Percentage of Completion | | | 12.33% | |
| Original Target Completion Date | | | 6/30/2012 | |
| Revised Target Completion Date | | | 6/30/2012 | |

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
REPLACEMENT OF CAFETERIA TABLES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|----------------------|---------------|--|
| REVENUES AND OTHER FINANCING SOURCES: | | | | |
| State Sources - SDA Grant | | 48,607.67 | 48,607.67 | 48,607.67 |
| Transfer from Capital Outlay | | 72,911.52 | 72,911.52 | 72,911.52 |
| Total Revenues | - | 121,519.19 | 121,519.19 | 121,519.19 |
| EXPENDITURES AND OTHER FINANCING SOURCES: | | | | |
| Purchased Professional and Technical Services | | 655.00 | 655.00 | 655.00 |
| Equipment Purchases | | 120,864.19 | 120,864.19 | 120,864.19 |
| Total Expenditures | - | 121,519.19 | 121,519.19 | 121,519.19 |
| Excess (Deficiency) or Revenues Over (under) Expenditures | - | - | - | - |
| Additional Project Information: | | | | |
| Project Numbers | Apshawa | 5650-042-09-1005 | | |
| | Maple Road | 5650-060-09-2008-G2B | | |
| | Marshall Hill | 5650-060-09-2009-G2B | | |
| | Paradise Knoll | 5650-080-09-1012-G2B | | |
| | Upper Greenwood Lake | 5650-090-09-1013-G2B | | |
| Grant Date | | N/A | | |
| Loans Authorization Date | | | | |
| Loans Authorized | | | | |
| Loans Issued | | | | |
| Original Authorized Costs | | 268,488.00 | | |
| Additional Authorized Costs | | (146,968.81) | | |
| Revised Authorized Costs | | 121,519.19 | | |
| Percentage Increase (Decrease) over Original Authorized Costs | | -54.739% | | |
| Percentage of Completion | | 100.00% | | |
| Original Target Completion Date | | N/A | | |
| Revised Target Completion Date | | N/A | | |

**WEST MILFORD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL CLASSROOM SCIENCE LAB AND AUDITORIUM UPGRADES
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|-------------------|--|
| REVENUES AND OTHER FINANCING SOURCES: | | | | |
| State Sources - SDA Grant | | 114,737.73 | 114,737.73 | 1,070,969.00 |
| Transfer from Capital Outlay | | 432,508.00 | 432,508.00 | 1,606,453.00 |
| | | <u>547,245.73</u> | <u>547,245.73</u> | <u>2,677,422.00</u> |
| Total Revenues | - | <u>547,245.73</u> | <u>547,245.73</u> | <u>2,677,422.00</u> |
| EXPENDITURES AND OTHER FINANCING SOURCES: | | | | |
| Purchased Professional and Technical Services | | 10,165.73 | 10,165.73 | 523,422.00 |
| Construction Services | | 530,051.00 | 530,051.00 | 404,000.00 |
| Equipment Purchases | | 7,029.00 | 7,029.00 | 1,750,000.00 |
| | | <u>547,245.73</u> | <u>547,245.73</u> | <u>2,677,422.00</u> |
| Total Expenditures | - | <u>547,245.73</u> | <u>547,245.73</u> | <u>2,677,422.00</u> |
| Excess (Deficiency) or Revenues Over (under) Expenditures | - | - | - | - |
| Additional Project Information: | | | | |
| Project Numbers | | 5650-040-09-1002 | | |
| Grant Date | | N/A | | |
| Loans Authorization Date | | | | |
| Loans Authorized | | | | |
| Loans Issued | | | | |
| Original Authorized Costs | | 2,677,422.00 | | |
| Additional Authorized Costs | | | | |
| Revised Authorized Costs | | 2,677,422.00 | | |
| Percentage Increase (Decrease) over Original | | | | |
| Authorized Costs | | 0.000% | | |
| Percentage of Completion | | 20.44% | | |
| Original Target Completion Date | | 6/30/2012 | | |
| Revised Target Completion Date | | 6/30/2012 | | |

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

| PROJECT DESCRIPTION | APPROPRIATION | EXPENDITURES | | UNEXPENDED BALANCE |
|--|----------------------|---------------------|---------------------|---------------------------|
| | | PRIOR YEARS | CURRENT YEAR | |
| Underground Storage Tank Remediation | 45,585.00 | 5,417.08 | | 40,167.92 |
| Bolier Replacement at Maple Road Elementary School | 223,444.28 | 192,262.50 | | 31,181.78 |
| Various Schools-New Doors, Windows, UV's, Generators and Security System | 624,376.50 | | 600,376.50 | 24,000.00 |
| Replacement of Cafeteria Tables | 121,519.19 | | 121,519.19 | |
| High School Classroom Science Lab and Auditorium Upgrades | 547,245.73 | | 547,245.73 | - |
| | <u>1,562,170.70</u> | <u>197,679.58</u> | <u>1,269,141.42</u> | <u>95,349.70</u> |

**WEST MILFORD BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

| | Food Service Program | Adult School Community | Totals |
|---|-------------------------|---------------------------|---------------------|
| OPERATING REVENUES: | | | |
| Local sources: | | | |
| Daily sales reimbursable programs: | | | |
| School lunch and breakfast program | 635,169.60 | | 635,169.60 |
| Program Fees | | 481,413.94 | 481,413.94 |
| Total daily sales | <u>635,169.60</u> | <u>481,413.94</u> | <u>1,116,583.54</u> |
| Daily Sales - non-reimbursable programs | 241,122.79 | | 241,122.79 |
| Special functions | 11,776.91 | | 11,776.91 |
| Total operating revenues | <u>888,069.30</u> | <u>481,413.94</u> | <u>1,369,483.24</u> |
| OPERATING EXPENSES: | | | |
| Salaries | 513,375.56 | 363,220.35 | 876,595.91 |
| Cost of food | 462,530.27 | | 462,530.27 |
| Employee benefits | 221,539.91 | 88,431.17 | 309,971.08 |
| Purchased professional services | | 59,298.42 | 59,298.42 |
| Supplies and materials | 33,677.90 | 17,538.28 | 51,216.18 |
| Repairs | 8,162.90 | | 8,162.90 |
| Depreciation | 18,813.62 | 9,717.47 | 28,531.09 |
| Miscellaneous | 4,473.14 | 3,434.00 | 7,907.14 |
| Total operating expenses | <u>1,262,573.30</u> | <u>541,639.69</u> | <u>1,804,212.99</u> |
| Operating Income (Loss) | <u>(374,504.00)</u> | <u>(60,225.75)</u> | <u>(434,729.75)</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | |
| State sources: | | | |
| State school lunch program | 11,419.42 | | 11,419.42 |
| Federal sources: | | | |
| School breakfast program | 5,521.44 | | 5,521.44 |
| National school lunch program | 186,539.96 | | 186,539.96 |
| Food distribution program | 42,723.66 | | 42,723.66 |
| Interest and investment revenue | 2,780.49 | 2,541.65 | 5,322.14 |
| Total non-operating revenues (expenses) | <u>248,984.97</u> | <u>2,541.65</u> | <u>251,526.62</u> |
| Income (Loss) Before Contribution & Transfers | <u>(125,519.03)</u> | <u>(57,684.10)</u> | <u>(183,203.13)</u> |
| Operating transfer in - General fund | 95,147.66 | | 95,147.66 |
| Change in Net Assets | <u>(30,371.37)</u> | <u>(57,684.10)</u> | <u>(88,055.47)</u> |
| Total Net Asset - Beginning | <u>178,268.97</u> | <u>204,751.97</u> | <u>383,020.94</u> |
| Total Net Assets - Ending | <u>147,897.60</u> | <u>147,067.87</u> | <u>294,965.47</u> |

**WEST MILFORD BOARD OF EDUCATION
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

| | Food Service Program | Adult School Community | Totals |
|---|-------------------------|---------------------------|---------------------|
| CASH FLOWS USED BY OPERATING ACTIVITIES: | | | |
| Cash receipts from customers | 885,827.87 | 480,923.94 | 1,366,751.81 |
| Cash payments to employees for services | (513,375.56) | (363,220.35) | (876,595.91) |
| Cash payments to suppliers for goods and services | (660,698.62) | (165,063.37) | (825,761.99) |
| Net cash provided by (used for) Operating Activities | <u>(288,246.31)</u> | <u>(47,359.78)</u> | <u>(335,606.09)</u> |
| CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES: | | | |
| State Sources | 11,419.42 | | 11,419.42 |
| Federal Sources | 192,061.40 | | 192,061.40 |
| Net cash provided by (used for) noncapital financing activities | <u>203,480.82</u> | <u>-</u> | <u>203,480.82</u> |
| CASH FLOW FROM INVESTING ACTIVITIES: | | | |
| Interest on cash equivalents | 2,780.49 | 2,541.65 | 5,322.14 |
| Net Cash Provided by (used for) Investing Activities | <u>2,780.49</u> | <u>2,541.65</u> | <u>5,322.14</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (81,985.00) | (44,818.13) | (126,803.13) |
| Operating Transfer in - General Fund | 95,147.66 | | 95,147.66 |
| Balances-Beginning of Year | 45,174.59 | 60,783.14 | 105,957.73 |
| Balances-End of Year | <u>58,337.25</u> | <u>15,965.01</u> | <u>74,302.26</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating loss | (374,504.00) | (60,225.75) | (434,729.75) |
| Adjustments to reconcile operating loss to cash provided (used) by operating activities: | | | |
| Depreciation | 18,813.62 | 9,717.47 | 28,531.09 |
| Food distribution program | 42,723.66 | | 42,723.66 |
| Changes in assets and liabilities: | | | |
| (Increase)/decrease in accounts receivable | (2,241.43) | | (2,241.43) |
| (Increase)/decrease in inventory | 1,366.26 | | 1,366.26 |
| Increase/(decrease) in interfund payable | 25,595.58 | 3,638.50 | 29,234.08 |
| Increase/(decrease) in deferred revenue | | (490.00) | (490.00) |
| Net cash provided (used for) operating activities | <u>(288,246.31)</u> | <u>(47,359.78)</u> | <u>(335,606.09)</u> |

Noncash Noncapital Financing Activities:

During the year, the district received \$ 42,723.66 of food commodities from the U.S. Department of Agriculture.

**WEST MILFORD BOARD OF EDUCATION
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

| | Unemployment Compensation Trust Fund | John Walsh Scholarship | Vogel Scholarship | Agency Fund |
|---|--|---------------------------|----------------------|-------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | 967,170.15 | 400,766.72 | 8,546.05 | 378,049.85 |
| Interfund Accounts Receivable (Agency Fund) | <u>16,272.88</u> | | | |
| TOTAL ASSETS | <u>983,443.03</u> | <u>400,766.72</u> | <u>8,546.05</u> | <u>378,049.85</u> |
| LIABILITIES: | | | | |
| Payable to Student Groups | | | | 353,849.56 |
| Payroll Deductions and Withholdings | | | | 2,911.29 |
| Interfund Accounts Payable (General Fund) | | | | 5,016.12 |
| Interfund Accounts Payable (Unemployment Account) | | | | <u>16,272.88</u> |
| Total liabilities | - | - | - | <u>378,049.85</u> |
| NET ASSETS: | | | | |
| Held in Trust for unemployment Claims and Other Purposes | <u>983,443.03</u> | <u>400,766.72</u> | <u>8,546.05</u> | |
| Reserved for Other Purposes | | | | |

WEST MILFORD BOARD OF EDUCATION
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

| | <u>Unemployment Compensation Trust Fund</u> | <u>John Walsh Scholarship</u> | <u>Edward Vogel Scholarship</u> |
|--------------------------------|---|-----------------------------------|-------------------------------------|
| OPERATING REVENUES: | | | |
| Local sources: | | | |
| Interest on Investments | 10,264.64 | 3,988.17 | 1.45 |
| Contributions | <u>59,306.89</u> | | |
| Total operating revenues | <u>69,571.53</u> | <u>3,988.17</u> | <u>1.45</u> |
| OPERATING EXPENSES: | | | |
| Scholarships | | | 500.00 |
| Unemployment Claims | <u>157,624.72</u> | | |
| Total operating expenses | <u>157,624.72</u> | <u>-</u> | <u>500.00</u> |
| OPERATING INCOME (LOSS) | (88,053.19) | 3,988.17 | (498.55) |
| Net Assets, July 1 | <u>1,071,496.22</u> | <u>396,778.55</u> | <u>9,044.60</u> |
| Net Assets, June 30 | <u><u>983,443.03</u></u> | <u><u>400,766.72</u></u> | <u><u>8,546.05</u></u> |

**WEST MILFORD BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

| | Balance July 1, 2010 | Cash Receipts | Cash Disbursements | Balance June 30, 2011 |
|---|-------------------------|-------------------|-----------------------|--------------------------|
| ELEMENTARY SCHOOLS: | | | | |
| Apshawa | 2,615.52 | 11,101.49 | 9,269.13 | 4,447.88 |
| Maple Road | 2,833.68 | 11,627.67 | 10,452.54 | 4,008.81 |
| Marshall Hill | 10,424.27 | 9,135.44 | 9,184.40 | 10,375.31 |
| Paradise Knoll | 1,122.35 | 8,637.09 | 7,953.45 | 1,805.99 |
| Upper Greenwood Lake | 3,096.48 | 17,167.70 | 18,108.83 | 2,155.35 |
| Westbrook | 2,337.39 | 14,508.34 | 13,861.11 | 2,984.62 |
| MIDDLE SCHOOL: | | | | |
| Macopin Middle School | 85,093.62 | 386,834.80 | 373,576.97 | 98,351.45 |
| SENIOR HIGH SCHOOL: | | | | |
| West Milford Athletics | 57,542.94 | 103,636.71 | 81,501.05 | 79,678.60 |
| West Milford High School | 161,006.96 | 407,305.89 | 418,529.51 | 149,783.34 |
| OTHER STUDENT ACTIVITY ACCOUNTS: | | | | |
| Macopin Special Students | 0.00 | 1,974.20 | 1,973.99 | 0.21 |
| SACC and Preschool | 152.72 | 1,500.00 | 1,450.17 | 202.55 |
| Learning Unlimited | 61.95 | 2,756.50 | 2,763.00 | 55.45 |
| | <u>326,287.88</u> | <u>976,185.83</u> | <u>948,624.15</u> | <u>353,849.56</u> |

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

| | <u>Balance July 1, 2010</u> | <u>Cash Receipts</u> | <u>Cash Disbursed</u> | <u>Balance June 30, 2011</u> |
|--|---------------------------------|--------------------------|---------------------------|----------------------------------|
| Net Payroll | 926.63 | 26,938,901.62 | 26,939,828.25 | - |
| Payroll Deductions and Withholdings | - | 18,272,479.07 | 18,269,567.78 | 2,911.29 |
| Interfund Accounts Payable - General Fund | 1,521.08 | 8,155.66 | 4,660.62 | 5,016.12 |
| Unemployment Fund | | 59,306.89 | 43,034.01 | 16,272.88 |
| | <u>2,447.71</u> | <u>45,278,843.24</u> | <u>45,257,090.66</u> | <u>24,200.29</u> |

WEST MILFORD BOARD OF EDUCATION
GENERAL LONG TERM DEBT ACCOUNT GROUP
STATEMENT OF SERIAL BONDS
JUNE 30, 2011

| Issue | Date of Issue | Amount of Issue | Annual Maturities Date | Annual Maturities Amount | Interest Rate | Balance July 1, 2010 | Retired | Balance June 30, 2011 |
|----------------------|---------------|-----------------|------------------------|--------------------------|---------------|----------------------|-------------------|-----------------------|
| School Bonds of 2003 | 07/15/03 | 4,463,000 | 09/15/11 | 400,000.00 | 3.30% | 3,533,000.00 | 400,000.00 | 3,133,000.00 |
| | | | 09/15/12 | 420,000.00 | 3.30% | | | |
| | | | 09/15/13 | 445,000.00 | 3.30% | | | |
| | | | 09/15/14 | 480,000.00 | 3.30% | | | |
| | | | 09/15/15 | 500,000.00 | 3.30% | | | |
| | | | 09/15/16 | 500,000.00 | 3.30% | | | |
| | | | 09/15/17 | 388,000.00 | 3.30% | | | |
| | | | | | | <u>3,533,000.00</u> | <u>400,000.00</u> | <u>3,133,000.00</u> |
| | | | | | | <u>3,533,000.00</u> | <u>400,000.00</u> | <u>3,133,000.00</u> |

WEST MILFORD BOARD OF EDUCATION
GENERAL LONG TERM DEBT ACCOUNT GROUP
SCHEDULE OF PUBLIC SCHOOL FACILITIES LOAN ASSISTANCE PROGRAM
JUNE 30, 2011

| Issue | Date of Issue | Amount of Issue | Annual Maturities | | Interest Rate | Balance July 1, 2010 | Retired | Balance June 30, 2011 |
|--|---------------|-----------------|-------------------|-----------|---------------|----------------------|------------------|-----------------------|
| | | | Date | Amount | | | | |
| Safe School Program | 7/15/1993 | 70,342.00 | 7/15/11-2013 | 3,702.22 | 1.50% | 14,808.88 | 3,702.22 | 11,106.66 |
| Small Projects Program | 7/15/1993 | 211,027.00 | 07/15/11 | 14,330.41 | 5.288% | 58,670.31 | 13,739.72 | 44,930.59 |
| | | | 07/15/12 | 14,966.26 | | | | |
| | | | 07/15/13 | 15,633.92 | | | | |
| NJ Economic Authority Underground Storage Tank Loan # LO4215 | 12/1/2008 | 45,585.00 | 12/01/11-12/01/18 | 4,558.50 | | 41,026.50 | 4,558.50 | 36,468.00 |
| | | | | | | <u>114,505.69</u> | <u>22,000.44</u> | <u>92,505.25</u> |

WEST MILFORD BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| SERIES | Interest Rate Payables | Amount of Original Issue | Amount Outstanding on July 1, 2010 | Issued in Current Year | Retired in Current Year | Amount Outstanding on June 30, 2011 |
|---------------------------------------|------------------------------|--------------------------------|--|------------------------------|-------------------------------|---|
| Football Field Lights | 9.000% | 47,000.00 | 6,164.06 | | 6,164.06 | - |
| MH Boiler Replacement | 4.000% | 111,500.00 | 23,156.35 | | 23,156.35 | - |
| Transp: 3 - 2007 54 Pass Transit Bus | 4.000% | 219,830.00 | 45,654.36 | | 45,654.36 | - |
| Data Services: MIG SIS | 4.000% | 100,000.00 | 20,768.03 | | 20,768.03 | - |
| Exmark Mower 2003 (used) | 4.000% | 4,500.00 | 934.56 | | 934.56 | - |
| AP Office: Savin 8025 SP | 4.000% | 3,410.00 | 708.19 | | 708.19 | - |
| AP Teachers: 2 - Savin 8065 1PS | 4.000% | 9,220.00 | 1,914.81 | | 1,914.81 | - |
| Board Office: 1 - Savin 8090SP | 4.000% | 18,029.00 | 3,744.27 | | 3,744.27 | - |
| HS CST: Savin 8025 SP | 4.000% | 3,410.00 | 708.19 | | 708.19 | - |
| MR CST: Savin 2035 PSF | 4.000% | 5,894.00 | 1,224.07 | | 1,224.07 | - |
| MR Office: Savin 8025 | 4.000% | 2,386.00 | 495.53 | | 495.53 | - |
| MR Teachers: 2 - Savin 8065 1 PS | 4.000% | 9,220.00 | 1,914.81 | | 1,914.81 | - |
| MH Office: Savin 8025 PS | 4.000% | 2,386.00 | 495.53 | | 495.53 | - |
| MH Office: Savin 8065 1PS | 4.000% | 9,220.00 | 1,914.81 | | 1,914.81 | - |
| PK Office: Savin 8025 PS | 4.000% | 2,386.00 | 495.53 | | 495.53 | - |
| PK Teachers: 2 - Savin 8065 1PS | 4.000% | 9,220.00 | 1,914.81 | | 1,914.81 | - |
| UGL Office: Savin 8025 PSF | 4.000% | 4,226.00 | 877.66 | | 877.66 | - |
| UGL Teachers: 2 - Savin 8065 1PS | 4.000% | 9,220.00 | 1,914.81 | | 1,914.81 | - |
| WB Office: Savin 8025 PS | 4.000% | 3,410.00 | 708.19 | | 708.19 | - |
| WB Teachers: Savin 8090 PS | 4.000% | 22,119.00 | 4,593.68 | | 4,593.68 | - |
| Macopin - EOP Savin 8090 | 4.000% | 16,847.00 | 3,498.79 | | 3,498.79 | - |
| HS Supervisor's Office: Savin 8025 PS | 4.000% | 3,410.00 | 708.19 | | 708.19 | - |
| HS Main Office: Savin 8065 PS | 4.000% | 4,004.00 | 831.55 | | 831.55 | - |
| HS Lower Middle: Savin 8025 | 4.000% | 3,882.00 | 806.21 | | 806.21 | - |
| HS Guidance: Savin 8035 | 4.000% | 4,682.00 | 972.36 | | 972.36 | - |
| HS Faculty Room: 2 - Savin 8090 | 4.000% | 33,694.00 | 6,997.58 | | 6,997.58 | - |
| HS Upper Media Center: Savin 8065 | 4.000% | 4,004.00 | 831.55 | | 831.55 | - |
| HS Print Shop: Savin 8065 PS | 4.000% | 6,481.00 | 1,345.98 | | 1,345.98 | - |
| Transportation: Office - Savin 8025 | 4.000% | 3,410.00 | 708.19 | | 708.19 | - |
| 3 -2008 Type B 16 Passanger Buses | 3.960% | 163,298.00 | 66,512.16 | | 32,610.39 | 33,901.77 |
| 2-2001 Type D 54 Passanger Buses | 3.960% | 77,000.00 | 31,362.52 | | 15,376.80 | 15,985.72 |
| Kubota Multi-Purpose Tractor | 3.960% | 23,585.00 | 9,606.30 | | 4,709.89 | 4,896.41 |
| Consulting/Transaction Fees | 3.960% | 2,449.00 | 997.49 | | 489.06 | 508.43 |
| 1-2008 Dodge Caravan | 3.960% | 23,100.00 | 9,408.75 | | 4,613.04 | 4,795.71 |
| Cafeteria Tables | 3.960% | 20,489.20 | 8,345.36 | | 4,091.67 | 4,253.69 |
| Ford F-450 Mason Dump | 3.960% | 43,998.00 | 17,920.62 | | 8,786.34 | 9,134.28 |
| Pick-Up Truck | 3.960% | 23,631.00 | 9,625.03 | | 4,719.08 | 4,905.95 |
| Scoreboard - High School | 3.960% | 12,000.00 | 4,887.66 | | 2,396.38 | 2,491.28 |
| Coilpro Cleaner w/Kit | 3.960% | 3,058.50 | 1,245.74 | | 610.78 | 634.96 |
| Z Machine Line Striper | 3.960% | 3,895.00 | 1,586.45 | | 777.83 | 808.62 |
| 4 - 54 Passenger 2009 Buses | 3.220% | 335,932.00 | 202,144.97 | | 65,257.80 | 136,887.17 |
| 2008 Chrysler Minivan | 3.220% | 22,328.00 | 13,435.73 | | 4,337.41 | 9,098.32 |
| Nortel Phone System | 3.220% | 128,110.00 | 77,330.09 | | 24,964.22 | 52,365.87 |
| Digital Duplicator | 3.220% | 5,354.00 | 3,221.74 | | 1,040.06 | 2,181.68 |
| 2008 Ford Econoline Van | 3.220% | 8,236.00 | 4,955.96 | | 1,599.92 | 3,356.04 |
| 2009 ford F-550 Platform | 3.220% | 49,640.00 | 29,870.56 | | 9,643.02 | 20,227.54 |
| 3-2009 54 Passenger Buses | 3.710% | 266,125.00 | 200,440.80 | | 64,391.21 | 136,049.59 |
| 2009 Dodge Caravan | 3.710% | 22,406.00 | 16,872.13 | | 5,424.93 | 11,447.20 |
| 2-2010 16 Passenger Buses | 3.710% | 68,250.00 | 51,402.53 | | 16,513.87 | 34,888.66 |
| Cafeteria Tables - Paradise Knoll | 3.710% | 17,611.16 | 13,251.32 | | 4,257.19 | 8,994.13 |
| Softball - Scoreboard | 3.710% | 5,607.84 | 4,235.84 | | 1,360.83 | 2,875.01 |
| Cafeteria Mailing Machine | 3.310% | 22,590.00 | | 22,590.00 | 4,751.53 | 17,838.47 |
| 4 - 2011 54 Passenger Buses | 3.310% | 330,172.00 | | 330,172.00 | 69,414.34 | 260,757.66 |
| 2 - 2010 Dodge Caravans | 3.310% | 47,238.00 | | 47,238.00 | 9,931.95 | 37,306.05 |
| TOTAL | | | <u>915,662.40</u> | <u>400,000.00</u> | <u>499,072.19</u> | <u>816,590.21</u> |

**WEST MILFORD BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) Final to Actual |
|--|--------------------|-------------------|-------------------|--|
| REVENUES: | | | | |
| Local sources: | | | | |
| Local tax levy | 529,103.00 | 529,103.00 | 529,103.00 | - |
| Total revenues - local sources | <u>529,103.00</u> | <u>529,103.00</u> | <u>529,103.00</u> | <u>-</u> |
| State sources: | | | | |
| Debt service aid type II | 5,783.00 | 5,783.00 | 5,783.00 | - |
| Total state sources | <u>5,783.00</u> | <u>5,783.00</u> | <u>5,783.00</u> | <u>-</u> |
| Total Revenues | <u>534,886.00</u> | <u>534,886.00</u> | <u>534,886.00</u> | <u>-</u> |
| EXPENDITURES | | | | |
| Regular debt service: | | | | |
| Interest | 112,884.00 | 112,924.00 | 112,922.58 | 1.42 |
| Redemption of principal | 422,002.00 | 422,002.00 | 422,000.44 | 1.56 |
| Total regular debt service | <u>534,886.00</u> | <u>534,926.00</u> | <u>534,923.02</u> | <u>2.98</u> |
| Total Expenditures | <u>534,886.00</u> | <u>534,926.00</u> | <u>534,923.02</u> | <u>2.98</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | (40.00) | (37.02) | 2.98 |
| Fund Balances, July 1 | 133,514.01 | 133,514.01 | 133,514.01 | |
| Fund Balances, June 30 | <u>133,514.01</u> | <u>133,474.01</u> | <u>133,476.99</u> | <u>2.98</u> |
| Recapitulation of excess (deficiency) of revenues under expenditures: | | | | |
| Budgeted Fund Balance | <u>\$</u> | <u>(40.00)</u> | <u>\$ (37.02)</u> | <u>\$ 2.98</u> |

STATISTICAL SECTION

OUTLINE OF NJ DOE STATISTICAL TABLES SECTION (GASB 44)

Exhibit #

Financial Trends Information/Schedules

| | |
|-----|--|
| J-1 | Net Assets by Component |
| J-2 | Changes in Net Assets |
| J-3 | Fund Balances-Governmental Funds |
| J-4 | Changes in Fund Balances. Governmental Funds |
| J-5 | General Fund Other Local Revenue by Source |

Revenue Capacity Information

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|-----|--|
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| J-7 | Direct and Overlapping Property Tax Rates |
| J-8 | Principal Property Taxpayers (Current year and nine years ago) |
| J-9 | Property Tax Levies and Collections |

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|------|---|
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| J-11 | Ratios of General Bonded Debt Outstanding |
| J-12 | Direct and Overlapping Governmental Activities Debt |
| J-13 | Legal Debt Margin Information |

Demographic and Economic Information

| | |
|------|---|
| J-14 | Demographic and Economic Statistics |
| J-15 | Principal Employers, Current and Nine Years Ago |

Operating Information

| | |
|------|---|
| J-16 | Full-time Equivalent District Employees by Function/Program |
| J-17 | Operating Statistics |
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| J-19 | Schedule of Allowable Maintenance Expenditures by School |
| J-20 | Insurance Schedule |

WEST MILFORD BOARD OF EDUCATION

Net Assets by Component,
Last Ten Fiscal Years (*)
(accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | | | |
|---|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | |
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | 9,749,457 | 10,709,403 | 10,952,633 | 11,024,850 | 10,949,290 | 9,176,136 | 8,795,665 | 8,902,363 | 10,125,208 | |
| Restricted | 1,641,253 | 3,014,788 | 1,338,134 | 811,257 | 658,452 | 1,490,121 | 2,036,403 | 1,997,474 | 3,188,664 | |
| Unrestricted | (2,730,336) | (4,674,184) | (2,275,984) | (1,981,459) | (2,633,966) | (2,878,590) | (4,048,037) | (3,499,861) | (3,647,211) | |
| Total governmental activities net assets | 8,660,374 | 9,050,007 | 10,014,783 | 9,854,548 | 8,973,776 | 7,787,666 | 6,788,031 | 7,399,976 | 9,666,662 | |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | 537,754 | 509,592 | 481,061 | 452,530 | 423,999 | 395,468 | 366,937 | 338,406 | 309,875 | |
| Restricted | (40,731) | (29,977) | 38,950 | 38,950 | 38,950 | 38,950 | 38,950 | 38,950 | 38,950 | |
| Unrestricted | 497,023 | 479,615 | (7,485) | 125,485 | 155,797 | 118,047 | 46,859 | 5,665 | (53,859) | |
| Total business-type activities net assets | | | 512,527 | 616,965 | 618,746 | 552,465 | 452,745 | 383,021 | 294,965 | |
| District-wide | | | | | | | | | | |
| Invested in capital assets, net of related debt | 10,287,211 | 11,218,995 | 11,433,694 | 11,477,380 | 11,373,289 | 9,571,604 | 9,162,602 | 9,240,769 | 10,435,083 | |
| Restricted | 1,641,253 | 3,014,788 | 1,377,084 | 850,207 | 697,402 | 1,529,071 | 2,077,353 | 2,036,424 | 3,227,614 | |
| Unrestricted | (2,771,067) | (4,704,161) | (2,283,469) | (1,855,974) | (2,478,169) | (2,760,543) | (3,999,178) | (3,494,196) | (3,701,070) | |
| Total district net assets | 9,157,397 | 9,529,622 | 10,527,309 | 10,471,612 | 9,592,522 | 8,340,131 | 7,240,776 | 7,782,997 | 9,961,627 | |

Source: CAFR Schedule A-1

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2003 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

WEST MILFORD BOARD OF EDUCATION

Changes in Net Assets, Last Ten Fiscal Years (*)
(accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | | | |
|--|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|--|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | |
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | 23,790,749 | 24,851,232 | 27,716,478 | 28,642,293 | 30,071,478 | 30,163,185 | 29,516,709 | 28,309,740 | 27,864,663 | |
| Special education | 4,666,034 | 5,258,441 | 6,283,988 | 7,007,112 | 8,282,618 | 8,948,132 | 8,944,668 | 8,866,736 | 8,666,728 | |
| Other special education | 742,238 | 731,669 | 695,742 | 742,552 | 705,029 | 728,267 | 726,528 | 702,040 | 380,544 | |
| Other instruction | 704,462 | 679,394 | 783,184 | 706,558 | 748,479 | 746,874 | 779,251 | 1,208,269 | 1,218,450 | |
| Support Services: | | | | | | | | | | |
| Tuition | 1,786,861 | 1,906,106 | 2,147,358 | 2,411,418 | 2,902,993 | 3,127,907 | 3,588,139 | 4,058,939 | 3,449,330 | |
| Student & Instruction related services | 6,763,883 | 6,555,413 | 6,844,408 | 7,312,836 | 7,784,347 | 8,321,687 | 8,255,422 | 8,622,575 | 8,506,512 | |
| General administrative services | 1,153,354 | 1,104,877 | 1,223,171 | 1,252,948 | 1,227,474 | 1,279,089 | 1,286,359 | 1,333,057 | 1,394,335 | |
| School administrative services | 2,542,462 | 2,691,888 | 3,135,246 | 3,250,453 | 3,314,535 | 3,559,923 | 3,557,762 | 3,715,249 | 3,718,570 | |
| Central Services and Admin. Info. Tech. | 632,492 | 856,777 | 1,057,763 | 1,087,743 | 1,155,707 | 1,185,059 | 1,189,371 | 1,224,589 | 1,278,707 | |
| Plant operations and maintenance | 4,766,330 | 4,953,368 | 5,701,180 | 6,049,062 | 6,486,398 | 7,028,292 | 6,926,124 | 6,987,060 | 6,734,278 | |
| Pupil transportation | 4,111,370 | 3,787,005 | 4,179,839 | 4,868,472 | 5,207,082 | 5,353,062 | 5,349,136 | 5,272,089 | 5,238,761 | |
| Charter Schools | | | | 13,706 | 14,706 | 14,632 | | | | |
| Interest on Long term debt | 87,954 | 206,560 | 185,391 | 179,102 | 160,608 | 149,214 | 132,764 | 123,634 | 105,318 | |
| Capital Outlay - Non-depreciable | | | | | | | | | 19,610 | |
| Unallocated Benefits | 3,209,622 | 4,074,364 | | 48,112 | 45,662 | 1,352,044 | (3,695) | 56,662 | 622,847 | |
| Total governmental activities expenses | 54,958,011 | 57,657,093 | 59,953,748 | 63,572,366 | 68,107,117 | 71,957,367 | 70,248,537 | 70,480,639 | 69,199,652 | |
| Business-type activities: | | | | | | | | | | |
| Food service | 1,253,350 | 1,317,291 | 1,289,141 | 1,357,425 | 1,356,971 | 1,393,714 | 1,387,683 | 1,272,593 | 1,262,573 | |
| Adult Community School | 505,772 | 540,439 | 564,554 | 576,791 | 565,407 | 570,212 | 569,673 | 552,112 | 541,640 | |
| Total business-type activities expense | 1,759,122 | 1,857,731 | 1,853,695 | 1,934,216 | 1,922,377 | 1,963,926 | 1,957,356 | 1,824,704 | 1,804,213 | |
| Total district expenses | 56,717,133 | 59,514,824 | 61,807,443 | 65,506,584 | 70,029,494 | 73,921,293 | 72,205,893 | 72,305,343 | 71,003,864 | |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Instruction (tuition) | | | | | | | | | | |
| Support Services (Student & Inst. Related services) | 288,113 | 166,037 | 220,295 | 359,505 | 261,506 | 200,630 | 240,881 | 408,801 | 309,027 | |
| Support Services (General Admin. Services) | | | 3,519 | | | | | | | |
| Plant operations and maintenance | | | 93,474 | 24,525 | 59,345 | 60,912 | 82,327 | | | |
| Pupil transportation | 100,594 | 48,408 | 45,432 | 13,487 | 74,253 | 68,191 | 76,942 | | | |
| Total program revenues | | | 35,058 | 13,487 | 74,253 | 68,191 | 76,942 | | | |

WEST MILFORD BOARD OF EDUCATION

Changes in Net Assets, Last Ten Fiscal Years (*)
(accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | | | |
|--|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | |
| Operating grants and contributions | 1,689,958 | 1,581,958 | 1,779,078 | 1,621,517 | 1,537,227 | 1,791,396 | 1,568,499 | 1,816,634 | 2,317,864 | |
| Capital grants and contributions | | | | 9,703 | 12,520 | 84,081 | 86,500 | | 126,156 | |
| Total governmental activities program revenues | 2,078,665 | 1,796,403 | 2,176,854 | 2,028,737 | 1,944,852 | 2,205,211 | 2,055,150 | 2,225,435 | 2,753,037 | |
| Business-type activities: | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Food service | | | | | | | | | | |
| Adult Community School | 1,003,103 | 1,017,415 | 1,058,849 | 1,107,862 | 1,051,728 | 1,066,716 | 1,044,001 | 961,768 | 888,069 | |
| Operating grants and contributions | 509,005 | 552,910 | 553,882 | 621,812 | 633,100 | 566,618 | 560,139 | 486,903 | 481,414 | |
| Total business type activities program revenues | 186,691 | 222,527 | 221,733 | 249,078 | 217,437 | 244,383 | 235,785 | 255,781 | 246,204 | |
| Total district program revenues | 1,698,800 | 1,792,853 | 1,834,463 | 1,978,752 | 1,902,265 | 1,877,718 | 1,839,305 | 1,704,452 | 1,615,688 | |
| Total district program revenues | 3,777,465 | 3,589,256 | 4,011,318 | 4,007,439 | 3,847,116 | 4,082,929 | 3,895,055 | 3,929,898 | 4,368,725 | |
| Net (Expense)/Revenue | (52,879,346) | (55,860,690) | (57,776,893) | (61,543,630) | (66,162,265) | (69,752,156) | (68,193,387) | (68,255,203) | (66,446,615) | |
| Governmental activities | (60,322) | (64,578) | (19,232) | 44,536 | (20,113) | (86,208) | (117,451) | (120,252) | (188,525) | |
| Business-type activities | (52,939,666) | (55,925,268) | (57,796,126) | (61,499,094) | (66,182,378) | (69,838,364) | (68,310,836) | (68,375,456) | (66,635,140) | |
| Total district-wide net expense | | | | | | | | | | |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes, net | 34,736,328 | 36,950,557 | 38,906,326 | 40,697,586 | 42,868,997 | 44,904,812 | 45,830,611 | 47,613,275 | 49,379,479 | |
| Taxes levied for debt service | 516,081 | 516,080 | 516,080 | 516,080 | 476,080 | 461,728 | 400,118 | 539,427 | 529,103 | |
| Unrestricted grants and contributions | 16,362,781 | 18,390,109 | 18,980,937 | 19,740,356 | 21,889,428 | 22,422,612 | 20,442,256 | 20,260,862 | 18,357,737 | |
| Restricted State Aid | 1,776,812 | 93,335 | 89,932 | 84,119 | 83,076 | 59,332 | 9,644 | 215,305 | 307,846 | |
| Miscellaneous income | 432,728 | 334,374 | 121,029 | 334,267 | 255,030 | 718,526 | 523,110 | 283,261 | 234,283 | |
| Transfers | (34,131) | (34,131) | (36,600) | (37,880) | (964) | (964) | (11,986) | (45,000) | (95,148) | |
| Total governmental activities | 53,844,730 | 56,250,323 | 58,577,704 | 61,334,528 | 65,572,611 | 68,566,047 | 67,193,752 | 68,867,149 | 68,713,300 | |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 15,652 | 13,039 | 15,544 | 22,022 | 21,894 | 19,927 | 5,744 | 5,528 | 5,322 | |
| Transfers | 34,131 | 34,131 | 36,600 | 37,880 | 37,880 | 37,880 | 11,988 | 45,000 | 95,148 | |
| Total business-type activities | 15,652 | 47,170 | 52,144 | 59,902 | 21,894 | 19,927 | 17,732 | 50,528 | 100,470 | |
| Total district-wide | 53,860,382 | 56,297,493 | 58,629,848 | 61,394,430 | 65,594,505 | 68,585,973 | 67,211,483 | 68,917,677 | 68,813,769 | |
| Change in Net Assets | | | | | | | | | | |
| Governmental activities | 965,385 | 389,633 | 800,810 | (209,102) | (589,654) | (1,186,109) | (999,636) | 611,946 | 2,266,685 | |
| Business-type activities | (44,671) | (17,408) | 32,912 | 104,438 | 1,782 | (66,281) | (89,719) | (69,724) | (68,055) | |
| Total district | 920,714 | 372,225 | 833,722 | (104,664) | (587,873) | (1,252,391) | (1,089,355) | 542,221 | 2,178,630 | |

Source: CAFR Schedule A-2

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2003 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

WEST MILFORD BOARD OF EDUCATION

Fund Balances, Governmental Funds,
Last Ten Fiscal Years (*)
(modified accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | | | | | | |
|------------------------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------|-----------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | |
| General Fund | | | | | | | | | | |
| Reserved | 158,514 | 231,903 | 841,693 | 313,505 | 499,425 | 1,356,615 | 1,864,727 | 1,792,611 | | |
| Unreserved | 861,850 | 1,143,833 | 1,063,052 | 1,582,841 | 1,312,176 | 974,455 | (73,481) | 415,586 | | |
| Restricted | | | | | | | | | | 1,811,336 |
| Committed | | | | | | | | | | 398,511 |
| Assigned | | | | | | | | | | 750,000 |
| Unassigned | | | | | | | | | | (15,822) |
| Total general fund | 1,020,364 | 1,375,736 | 1,904,745 | 1,896,345 | 1,811,601 | 2,331,070 | 1,791,246 | 2,208,197 | | 2,944,024 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | (722) | | | | | | | | | |
| Capital projects fund | 1,612,065 | 2,676,164 | 349,558 | 320,740 | 25,522 | | 40,168 | 71,350 | | 95,350 |
| Debt service fund | 2 | 106,720 | 146,883 | 177,012 | 133,504 | 133,506 | 133,507 | 133,514 | | 133,477 |
| Total all other governmental funds | 1,611,345 | 2,782,884 | 496,441 | 497,752 | 159,026 | 133,506 | 173,675 | 204,864 | | 228,827 |

Source: CAFR Schedule B-1

(*) GASB requires that ten years of statistical data be presented. However, since fiscal year 2003 was the first year of GASB 34 implementation ten years is not presented. Each year, thereafter, an additional year's data will be included until ten years of data is presented

WEST MILFORD BOARD OF EDUCATION

Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | |
|--|-----------------------------|---------------------|---------------------|-----------------------|-------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 |
| Revenues | | | | | |
| Tax levy | \$ 32,920,961 | \$ 35,252,409 | \$ 37,466,637 | \$ 39,422,406 | \$ 41,213,666 |
| Tuition charges | 470,413 | 385,111 | 276,398 | 219,387 | 359,505 |
| Miscellaneous | 356,115 | 370,877 | 272,421 | 302,999 | 303,714 |
| State sources | 16,008,987 | 18,617,870 | 18,604,335 | 19,242,021 | 20,020,348 |
| Federal sources | 1,179,175 | 1,297,128 | 1,461,067 | 1,604,345 | 1,494,210 |
| Total revenue | 50,935,909 | 55,923,395 | 58,080,857 | 60,791,158 | 63,391,443 |
| Expenditures | | | | | |
| Instruction | | | | | |
| Regular Instruction | 19,602,436 | 19,709,604 | 20,344,893 | 20,889,243 | 20,863,410 |
| Special education instruction | 3,083,824 | 3,722,214 | 4,118,175 | 4,415,734 | 4,720,214 |
| Other special instruction | 806,611 | 742,238 | 731,669 | 695,742 | 742,552 |
| Other instruction | 693,008 | 704,462 | 679,394 | 783,184 | 706,558 |
| Support Services: | | | | | |
| Tuition | 1,651,280 | 1,786,861 | 1,906,106 | 2,147,358 | 2,411,418 |
| Student & instruction related services | 5,319,804 | 6,016,946 | 5,750,275 | 5,723,010 | 5,923,469 |
| General administrative services | 945,527 | 1,023,451 | 970,911 | 1,023,167 | 1,020,924 |
| School Administrative services | 2,059,780 | 2,127,457 | 2,223,450 | 2,363,423 | 2,376,914 |
| Central Services | | | | 803,196 | 794,960 |
| Business administrative services | | 534,032 | 716,546 | | |
| Plant operations and maintenance | 4,163,707 | 4,230,509 | 4,477,597 | 4,874,943 | 5,076,643 |
| Pupil transportation | 3,078,308 | 3,555,029 | 3,595,972 | 3,726,833 | 4,070,019 |
| Unallocated employee benefits | 8,167,142 | 9,620,003 | 11,473,331 | 12,137,090 | 13,670,144 |
| Charter Schools | | | | | 13,706 |
| Capital outlay | 2,279,393 | 1,020,956 | 3,606,206 | 2,449,980 | 883,316 |
| Debt Service: | | | | | |
| Principal | 564,320 | 579,675 | 335,074 | 368,928 | 385,908 |
| Interest and Other Charges | 118,158 | 91,110 | 167,623 | 196,921 | 184,162 |
| Total expenditures | 52,533,298 | 55,464,548 | 61,097,221 | 62,598,753 | 63,844,317 |
| Excess (Deficiency) of revenues over (under) expenditures | (1,597,389) | 458,848 | (3,016,364) | (1,807,594) | (452,874) |
| Other Financing sources (uses) | | | | | |
| Capital leases (non-budgeted) | 1,529,134 | 587,567 | 114,407 | 86,760 | 483,666 |
| Bond proceeds | | | 4,463,000 | | |
| Transfers in | 190,501 | 221,113 | | | 240,000 |
| Transfers out | (372,376) | (221,113) | (34,131) | (36,600) | (277,880) |
| Total other financing sources (uses) | 1,347,259 | 587,567 | 4,543,276 | 50,160 | 445,786 |
| Net change in fund balances | \$ (250,131) | \$ 1,046,415 | \$ 1,526,912 | \$ (1,757,434) | \$ (7,088) |
| Debt service as a percentage of noncapital expenditures | 1.358% | 1.232% | 0.874% | 0.941% | 0.905% |

Source: District Records

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Services and Administrative information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Services and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

WEST MILFORD BOARD OF EDUCATION

Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year Ending June 30, | | | | |
|--|-----------------------------|-------------------|---------------------|-------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Revenues | | | | | |
| Tax levy | \$ 43,345,077 | \$ 45,366,540 | \$ 46,230,729 | \$ 48,152,702 | \$ 49,908,582 |
| Tuition charges | 261,506 | 200,630 | 240,881 | 408,801 | 255,472 |
| Miscellaneous | 388,628 | 867,629 | 693,166 | 291,106 | 299,489 |
| State sources | 22,083,947 | 22,587,474 | 20,573,182 | 18,437,155 | 18,543,693 |
| Federal sources | 1,425,784 | 1,665,867 | 1,482,017 | 3,847,820 | 2,428,092 |
| Total revenue | 67,504,942 | 70,688,140 | 69,219,974 | 71,137,585 | 71,435,328 |
| Expenditures | | | | | |
| Instruction | | | | | |
| Regular Instruction | 20,750,689 | 20,615,167 | 20,795,687 | 20,347,000 | 19,699,743 |
| Special education instruction | 5,280,922 | 5,636,187 | 5,828,684 | 5,723,652 | 5,497,356 |
| Other special instruction | 705,029 | 728,267 | 726,528 | 702,040 | 380,544 |
| Other instruction | 748,479 | 746,874 | 779,251 | 1,208,269 | 1,218,450 |
| Support Services: | | | | | |
| Tuition | 2,902,993 | 3,127,907 | 3,588,139 | 4,058,939 | 3,449,330 |
| Student & instruction related services | 6,096,544 | 6,479,688 | 6,584,963 | 6,902,795 | 6,836,582 |
| General administrative services | 960,304 | 997,914 | 1,062,968 | 1,108,044 | 1,168,446 |
| School Administrative services | 2,302,125 | 2,448,583 | 2,518,888 | 2,627,667 | 2,613,394 |
| Central Services | 817,532 | 807,170 | 853,317 | 876,929 | 920,894 |
| Business administrative services | | | | | |
| Plant operations and maintenance | 5,297,699 | 5,715,129 | 5,706,855 | 5,699,575 | 5,456,611 |
| Pupil transportation | 4,136,330 | 4,415,864 | 4,522,632 | 4,533,433 | 4,474,641 |
| Unallocated employee benefits | 16,637,182 | 17,620,127 | 16,135,861 | 15,901,286 | 16,782,270 |
| Charter Schools | 14,706 | 14,632 | | | |
| Capital outlay | 1,013,995 | 715,163 | 1,124,107 | 405,802 | 1,947,214 |
| Debt Service: | | | | | |
| Principal | 436,375 | 371,860 | 272,373 | 422,453 | 422,000 |
| Interest and Other Charges | 166,289 | 149,198 | 137,387 | 126,560 | 112,923 |
| Total expenditures | 68,267,194 | 70,589,732 | 70,637,640 | 70,644,446 | 70,980,399 |
| Excess (Deficiency) of revenues over (under) expenditures | (762,252) | 98,408 | (1,417,666) | 493,139 | 454,929 |
| Other Financing sources (uses) | | | | | |
| Capital leases (non-budgeted) | 630,000 | 396,504 | 930,000 | | 400,000 |
| Bond proceeds | | | | | |
| Transfers in | | | | 150,000 | 1,044,420 |
| Transfers out | | (964) | (11,988) | (195,000) | (1,139,567) |
| Total other financing sources (uses) | 630,000 | 395,540 | 918,012 | (45,000) | 304,852 |
| Net change in fund balances | \$ (132,252) | \$ 493,948 | \$ (499,654) | \$ 448,139 | \$ 759,782 |
| Debt service as a percentage of noncapital expenditures | 0.896% | 0.746% | 0.589% | 0.782% | 0.775% |

WEST MILFORD BOARD OF EDUCATION

General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

| Fiscal Year Ended June 30, | Interest on Investments | Rentals | Refunds | Transportation | Misc. | Total |
|-------------------------------|----------------------------|---------|---------|----------------|---------|---------|
| 2002 | 139,255 | 9,000 | | 72,482 | 135,378 | 356,115 |
| 2003 | 95,618 | 42,172 | 29,735 | 100,594 | 102,758 | 370,877 |
| 2004 | 180 | | | 48,408 | 223,833 | 272,421 |
| 2005 | 121,029 | 44,641 | 94,706 | 35,058 | 7,565 | 302,999 |
| 2006 | 171,127 | 24,525 | | 13,487 | 94,575 | 303,714 |
| 2007 | 207,831 | 59,345 | | 74,253 | 47,199 | 388,628 |
| 2008 | 232,660 | 60,912 | | 68,191 | 414,850 | 776,614 |
| 2009 | 133,421 | 82,327 | | 76,942 | 306,155 | 598,846 |
| 2010 | 63,809 | 77,899 | | 71,826 | 63,501 | 277,035 |
| 2011 | 60,499 | 81,719 | | 53,556 | 92,064 | 287,838 |

Source: District Records

WEST MILFORD BOARD OF EDUCATION
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Vacant Land | Residential | Farm Reg. | Cfarm | Commercial | Industrial | Apartment | Total Assessed Value | Less: Tax-Exempt Property | Public Utilities ^a | Net Valuation Taxable | Total Direct School Tax Rate ^b | Estimated Actual (County Equalized Value) |
|---------------------------|-------------|---------------|------------|---------|------------|------------|-----------|----------------------|---------------------------|-------------------------------|-----------------------|---|---|
| 2001 | 64,652,200 | 1,221,901,300 | 20,376,500 | 686,300 | 79,435,500 | 10,501,900 | 798,900 | 1,398,352,600 | 1,398,352,600 | 7,051,485 | 1,405,404,085 | 2.200 | 1,811,410,184 |
| 2002 | 61,739,200 | 1,245,599,300 | 21,413,700 | 676,700 | 84,076,600 | 10,501,900 | 798,900 | 1,424,806,300 | 1,424,806,300 | 6,696,770 | 1,431,463,070 | 2.300 | 1,988,795,152 |
| 2003 | 61,163,500 | 1,264,584,500 | 22,574,900 | 714,400 | 86,636,900 | 10,513,300 | 798,900 | 1,447,086,400 | 1,447,086,400 | 7,155,075 | 1,454,241,425 | 2.430 | 2,210,322,099 |
| 2004 | 58,984,300 | 1,283,320,600 | 24,429,600 | 708,900 | 85,692,300 | 10,665,100 | 798,900 | 1,464,599,900 | 1,464,599,900 | 6,856,529 | 1,471,456,429 | 2.650 | 2,514,822,103 |
| 2005 | 56,186,200 | 1,302,757,100 | 24,526,200 | 706,700 | 86,010,500 | 10,267,800 | 798,900 | 1,481,253,400 | 1,481,253,400 | 6,353,032 | 1,487,606,432 | 2.650 | 2,876,529,429 |
| 2006 | 54,309,100 | 1,313,342,600 | 25,550,300 | 690,400 | 88,664,800 | 10,267,800 | 550,000 | 1,493,375,000 | 1,493,375,000 | 5,881,607 | 1,498,956,607 | 2.750 | 3,240,045,212 |
| 2007 | 53,119,700 | 1,325,890,400 | 25,342,100 | 690,400 | 89,286,900 | 10,267,800 | 550,000 | 1,504,617,300 | 1,504,617,300 | 4,906,228 | 1,509,523,528 | 2.870 | 3,616,264,649 |
| 2008 | 52,613,700 | 1,329,724,000 | 27,901,100 | 648,700 | 90,219,000 | 9,366,200 | 550,000 | 1,511,622,700 | 1,511,622,700 | 4,217,482 | 1,515,840,182 | 3.051 | 3,808,167,208 |
| 2009 | 50,170,500 | 1,338,144,200 | 27,339,200 | 627,200 | 87,695,100 | 9,632,400 | 550,000 | 1,514,158,600 | 1,514,158,600 | 4,206,117 | 1,518,354,717 | 3.171 | 3,861,659,428 |
| 2010 | 49,109,000 | 1,319,511,100 | 28,708,100 | 614,700 | 87,182,100 | 9,662,900 | 550,000 | 1,495,337,900 | 1,495,337,900 | 4,044,415 | 1,499,382,315 | 3.329 | 3,677,260,684 |

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

WEST MILFORD BOARD OF EDUCATION

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years*(rate per \$100 of assessed value)*

| Fiscal Year Ended June 30, | West Milford Board of Education | | | | | Total Direct and Overlapping Tax Rate |
|-------------------------------------|---------------------------------|--|-----------------|-----------------------------|-------------------|---|
| | Basic Rate ^a | General Obligation Debt Service ^b | Total Direct | Township of West Milford | Passaic County | |
| 2001 | 2.126 | 0.174 | 2.30 | 1.00 | 0.75 | 4.05 |
| 2002 | 2.296 | 0.134 | 2.43 | 1.01 | 0.84 | 4.28 |
| 2003 | 1.592 | 0.958 | 2.55 | 1.05 | 0.87 | 4.47 |
| 2004 | 2.275 | 0.375 | 2.65 | 1.07 | 0.93 | 4.65 |
| 2005 | 2.401 | 0.349 | 2.75 | 1.12 | 1.01 | 4.88 |
| 2006 | 2.549 | 0.323 | 2.87 | 1.19 | 1.13 | 5.19 |
| 2007 | 2.697 | 0.296 | 2.99 | 1.26 | 1.19 | 5.44 |
| 2008 | 2.778 | 0.273 | 3.051 | 1.331 | 1.265 | 5.647 |
| 2009 | 2.914 | 0.257 | 3.171 | 1.409 | 1.279 | 5.859 |
| 2010 | 3.065 | 0.264 | 3.329 | 1.478 | 1.310 | 6.117 |

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calcu

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

WEST MILFORD BOARD OF EDUCATION

Principal Property Tax Payers,
Current Year and Nine Years Ago

| Taxpayer | 2010 | | | 2001 | | |
|--|------------------------|-----------------|--|------------------------|-----------------|--|
| | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value |
| City of Newark | \$ 25,488,100 | 1 | 1.70% | \$ 25,488,100 | 1 | 1.78% |
| Inserra/WM LLC | \$ 6,850,000 | 2 | 0.46% | | | |
| West Milford Shopping Plaza | 6,102,900 | 3 | 0.41% | 5,999,500 | 4 | 0.42% |
| Bald Eagle Inc. | 4,200,000 | 4 | 0.28% | 8,729,300 | 2 | 0.61% |
| Lakeland State Bank | 2,794,500 | 5 | 0.19% | 3,349,900 | 5 | 0.23% |
| Bald Eagle Square | 2,100,000 | 6 | 0.14% | | | |
| Castronova | 1,732,600 | 7 | 0.12% | | | |
| LGP Realty of West Milford LLC | 1,582,400 | 8 | 0.11% | | | 0.00% |
| Wesstor, LLC | 1,582,200 | 9 | 0.11% | | | |
| Dayon Family Trust | 1,488,400 | 10 | 0.10% | | | |
| West Milford Realty Investments | | | | 6,850,000 | 3 | 0.48% |
| 69 Maple Ave. Associates | | | | 3,045,000 | 6 | 0.21% |
| Scala, Thomas & Patricia, and Thomas L. & Patricia | | | | 1,854,900 | 7 | 0.13% |
| Paradise Space Center | | | | 1,488,400 | 8 | 0.10% |
| Castranova | | | | 1,350,200 | 9 | 0.09% |
| Jack Levkovitz | | | | 1,296,400 | 10 | 0.09% |
| Total | \$ 53,921,100 | | 3.61% | \$ 59,451,700 | | 4.05% |

Source: District CAFR & Municipal Tax Assessor

WEST MILFORD BOARD OF EDUCATION

Property Tax Levies and Collections,
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years |
|-------------------------------------|-------------------------------------|---|-----------------------|---------------------------------------|
| | | Amount | Percentage of Levy | |
| 2002 | 32,920,961 | 32,920,961 | 100.00% | - |
| 2003 | 35,252,409 | 35,252,409 | 100.00% | - |
| 2004 | 37,466,637 | 37,466,637 | 100.00% | - |
| 2005 | 39,422,406 | 39,422,406 | 100.00% | - |
| 2006 | 41,213,666 | 41,213,666 | 100.00% | - |
| 2007 | 43,345,077 | 43,345,077 | 100.00% | - |
| 2008 | 45,366,540 | 45,366,540 | 100.00% | - |
| 2009 | 46,230,729 | 46,230,729 | 100.00% | - |
| 2010 | 48,152,702 | 48,152,702 | 100.00% | - |
| 2011 | 49,908,582 | 49,908,582 | 100.00% | - |

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

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State a municipality is required to remit to the school district the entire property tax amount voted upon or certified prior to the end of the school.

WEST MILFORD BOARD OF EDUCATION

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Governmental Activities | | Total District | Percentage of Personal Income ^a | Per Capita ^a |
|-------------------------------------|---|-------------------|----------------|--|-------------------------|
| | General Obligation Bonds ^b | Capital Leases | | | |
| 2002 | 1,955,000 | 1,412,503 | 3,367,503 | 0.0036% | 123 |
| 2003 | 1,410,000 | 1,429,018 | 2,839,018 | 0.0036% | 103 |
| 2004 | 5,573,000 | 1,136,495 | 6,709,495 | 0.0036% | 243 |
| 2005 | 5,233,000 | 795,567 | 6,028,567 | 0.0031% | 190 |
| 2006 | 4,883,000 | 759,718 | 5,642,718 | 0.0031% | 177 |
| 2007 | 4,483,000 | 956,710 | 5,439,710 | 0.0030% | 163 |
| 2008 | 4,148,000 | 968,118 | 5,116,118 | 0.0036% | 186 |
| 2009 | 3,913,000 | 1,422,161 | 5,335,161 | 0.0036% | 192 |
| 2010 | 3,533,000 | 916,644 | 4,449,644 | N/A | N/A |
| 2011 | 3,133,000 | 816,590 | 3,949,590 | N/A | N/A |

Source: District CAFR Schedules I-1, I-2

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

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

WEST MILFORD BOARD OF EDUCATION

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b |
|-------------------------------------|---------------------------------|------------|---|--|-------------------------|
| | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | | |
| 2002 | 1,955,000 | - | 1,955,000 | 0.14% | 71 |
| 2003 | 1,410,000 | - | 1,410,000 | 0.10% | 51 |
| 2004 | 5,573,000 | - | 5,573,000 | 0.38% | 202 |
| 2005 | 5,233,000 | - | 5,233,000 | 0.35% | 190 |
| 2006 | 4,883,000 | - | 4,883,000 | 0.33% | 177 |
| 2007 | 4,483,000 | - | 4,483,000 | 0.30% | 163 |
| 2008 | 4,148,000 | - | 4,148,000 | 0.27% | 150 |
| 2009 | 3,913,000 | - | 3,913,000 | 0.26% | 141 |
| 2010 | 3,533,000 | - | 3,533,000 | N/A | N/A |
| 2011 | 3,133,000 | - | 3,133,000 | N/A | N/A |

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.
a See Exhibit NJ J-6 for property tax data.
b Population data can be found in Exhibit NJ J-14.

WEST MILFORD BOARD OF EDUCATION

Direct and Overlapping Governmental Activities Debt
Year Ended June 30, 2011

| <u>Governmental Unit</u> | (1) Debt Outstanding | Estimated Percentage Applicable ^a | Estimated Share of Overlapping Debt |
|--|----------------------------|--|--|
| Debt repaid with property taxes | | | |
| Township of West Milford | 32,015,360 | 100.000% | 32,015,360 |
| Other debt | | | |
| Passaic County | 373,881,844 | 4.440% | 16,600,354 |
| Passaic County Utility Authority | 59,080,000 | 4.440% | 2,623,152 |
| Utilities Authority | 8,657,593 | 100.000% | 8,657,593 |
| Subtotal, overlapping debt | | | 59,896,459 |
| West Milford Township School District Direct Debt | | | <u>3,133,000</u> |
| Total direct and overlapping debt | | | <u>\$ 63,029,459</u> |

Sources: Township of West Milford Finance Officer, Passaic County Finance Office and Utility Authorities

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of West Milford. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

(1) Debt Information as of December 31, 2010

WEST MILFORD BOARD OF EDUCATION

Legal Debt Margin Information,
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2009

| | |
|---|------------------------------|
| Equalized valuation basis | |
| 2010 | \$ 3,439,139,604 |
| 2009 | 3,713,903,851 |
| 2008 | 3,844,891,631 |
| [A] | <u>\$ 10,997,935,086</u> |
| Average equalized valuation of taxable property | [A/3] \$ 3,665,978,362 |
| Debt limit (4 % of average equalization value) | [B] 146,639,134 ^a |
| Net bonded school debt | [C] 3,133,000 |
| Legal debt margin | [B-C] <u>\$ 143,506,134</u> |

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Debt limit | \$ 71,913,207 | \$ 78,503,539 | \$ 87,952,614 | \$ 99,897,374 | \$ 113,669,569 | \$ 128,523,405 | \$ 141,268,802 | \$ 149,786,778 | \$ 151,437,293 | \$ 146,639,134 |
| Total net debt applicable to limit | <u>1,955,000</u> | <u>1,410,000</u> | <u>5,573,060</u> | <u>5,233,000</u> | <u>4,883,000</u> | <u>4,483,000</u> | <u>4,148,000</u> | <u>3,913,000</u> | <u>3,533,000</u> | <u>3,133,000</u> |
| Legal debt margin | <u>\$ 69,958,207</u> | <u>\$ 77,093,539</u> | <u>\$ 82,379,614</u> | <u>\$ 94,664,374</u> | <u>\$ 108,786,569</u> | <u>\$ 128,523,405</u> | <u>\$ 137,120,802</u> | <u>\$ 145,873,778</u> | <u>\$ 147,904,293</u> | <u>\$ 143,506,134</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 4.29% | 2.72% | 1.80% | 6.34% | 5.24% | 4.30% | 3.49% | 2.94% | 2.33% | 2.14% |

Source: Abstract of Ratables and District Records CAFR Schedule J-11

^a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

WEST MILFORD BOARD OF EDUCATION

Demographic and Economic Statistics
Last Ten Fiscal Years

| <u>Year</u> | <u>Population ^a</u> | <u>Personal Income (thousands of dollars) ^b</u> | <u>Per Capita Personal Income ^c</u> | <u>Unemployment Rate ^d</u> |
|-------------|--------------------------------|--|--|---|
| 2001 | 26,928 | 854,856,288 | 31,746 | 3.5% |
| 2002 | 27,401 | 885,408,513 | 32,313 | 4.7% |
| 2003 | 27,572 | 904,554,604 | 32,807 | 4.9% |
| 2004 | 27,635 | 931,879,835 | 33,721 | 3.7% |
| 2005 | 27,599 | 985,256,701 | 35,699 | 4.0% |
| 2006 | 27,574 | 1,058,621,008 | 38,392 | 4.5% |
| 2007 | 27,528 | 1,124,381,160 | 40,845 | 4.2% |
| 2008 | 27,568 | 1,151,129,408 | 41,756 | 5.7% |
| 2009 | 27,746 | 1,121,937,256 | 40,436 | 8.4% |
| 2010 | N/A | N/A | N/A | 8.5% |

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the principal and per capital personal income presented

^c Per Capita Personal Income provided by U.S. Department of Commerce, Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

WEST MILFORD BOARD OF EDUCATION

Principal Employers,
Current Year and ten Years Ago

| Employer | 2010 | | 2001 | | | |
|--|-----------|-----------------|--------------------------------|-----------|-----------------|--------------------------------|
| | Employees | Rank (Optional) | Percentage of Total Employment | Employees | Rank (Optional) | Percentage of Total Employment |
| West Milford Township Board of Education | N/A | N/A | N/A | N/A | N/A | N/A |
| Shop-Rite of West Milford | N/A | N/A | N/A | N/A | N/A | N/A |
| West Milford Township Board of Education | N/A | N/A | N/A | N/A | N/A | N/A |
| Milford Manor Convalescent Center | N/A | N/A | N/A | N/A | N/A | N/A |
| Lakeland State Bank Corp. | N/A | N/A | N/A | N/A | N/A | N/A |
| United States Postal Service | N/A | N/A | N/A | N/A | N/A | N/A |
| McDonald's | N/A | N/A | N/A | N/A | N/A | N/A |
| Five Star Values, Inc. | N/A | N/A | N/A | N/A | N/A | N/A |
| Esco Products Corporation | N/A | N/A | N/A | N/A | N/A | N/A |
| KLAE Construction Inc. | N/A | N/A | N/A | N/A | N/A | N/A |
| Fredericks Freeland Heating Service | N/A | N/A | N/A | N/A | N/A | N/A |
| Kemp Industries | N/A | N/A | N/A | N/A | N/A | N/A |
| Service Concrete Corporation | N/A | N/A | N/A | N/A | N/A | N/A |

Source: Description of the Township of West Milford 2005 Bond Sale Appendix A

WEST MILFORD BOARD OF EDUCATION
Full-time Equivalent District Employees by Function/Program,

| <u>Function/Program</u> | <u>Last Ten Fiscal Years</u> | | | | | | | | | |
|--|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Instruction | 281.70 | 278.20 | 275.60 | 273.10 | 268.60 | 243.70 | 252.80 | 243.50 | 240.75 | 239.00 |
| Regular | 48.00 | 52.50 | 55.50 | 59.00 | 63.10 | 115.10 | 118.10 | 105.10 | 104.10 | 116.60 |
| Special education | 12.50 | 12.50 | 12.50 | 11.50 | 11.00 | 15.00 | 11.50 | 10.00 | 10.00 | 9.00 |
| Other instruction | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Support Services: | | | | | | | | | | |
| Tuition | 57.50 | 58.50 | 57.50 | 58.70 | 58.70 | 64.05 | 71.30 | 68.20 | 68.00 | 54.80 |
| Student & instruction related services | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 7.55 | 7.00 | 7.05 | 7.05 | 8.05 |
| General administrative services | 42.00 | 42.00 | 42.00 | 42.00 | 42.00 | 39.00 | 35.75 | 38.75 | 38.75 | 39.50 |
| School administrative services | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 11.45 | 12.45 | 11.85 | 11.85 | 12.00 |
| Central services and Admin. Infor. Tech. | 54.00 | 54.00 | 54.00 | 53.00 | 52.00 | 61.75 | 67.25 | 84.75 | 84.40 | 80.00 |
| Plant operations and maintenance | 57.25 | 62.25 | 63.25 | 63.25 | 63.25 | 61.50 | 67.50 | 65.50 | 65.00 | 63.00 |
| Pupil transportation | 37.00 | 38.00 | 35.00 | 32.00 | 33.00 | 31.00 | 26.50 | 32.00 | 32.00 | 32.00 |
| Food Service | 26.00 | 26.00 | 26.00 | 25.00 | 25.00 | 27.00 | 22.00 | 22.00 | 22.00 | 22.00 |
| Adult Community School | | | | | | | | | | |
| Total | 636.95 | 644.95 | 642.35 | 638.55 | 637.65 | 678.10 | 693.15 | 689.70 | 684.90 | 676.95 |

Source: District Personnel Records

WEST MILFORD BOARD OF EDUCATION

Operating Statistics

Last Ten Fiscal Years

Pupil/Teacher Ratio

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Teaching Staff ^b | Pupil/Teacher Ratio | | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|---------------------|---------------|-------------|---|---|--------------------------------------|-------------------------------|
| | | | | | | Elementary | Middle School | High School | | | | |
| 2002 | 4,643 | 49,571,427 | 10,677 | 3.93% | 392 | 1:21 | 1:12 | 1:12 | 4,632.7 | 4,415.9 | -81.00% | 95.30% |
| 2003 | 4,700 | 53,772,807 | 11,441 | 7.16% | 394 | 1:21 | 1:12 | 1:12 | 4,693.8 | 4,476.2 | 1.32% | 95.40% |
| 2004 | 4,728 | 56,988,318 | 12,053 | 5.35% | 393 | 1:21 | 1:12 | 1:12 | 4,718.7 | 4,459.2 | 53.00% | 94.50% |
| 2005 | 4,656 | 59,582,924 | 12,797 | 6.17% | 394 | 1:15 | 1:12 | 1:12 | 4,651.0 | 4,422.0 | -1.43% | 95.10% |
| 2006 | 4,518 | 62,390,931 | 13,809 | 7.91% | 393 | 1:12 | 1:10 | 1:13 | 4,527.0 | 4,305.0 | -2.67% | 95.10% |
| 2007 | 4,444 | 66,650,535 | 14,998 | 8.61% | 384 | 1:12 | 1:10 | 1:13 | 4,390.7 | 4,172.7 | -3.10% | 95.03% |
| 2008 | 4,385 | 69,353,511 | 15,816 | 5.46% | 382 | 1:13 | 1:11 | 1:12.5 | 4,278.7 | 4,063.2 | -2.69% | 94.96% |
| 2009 | 4,209 | 69,103,773 | 16,418 | 3.81% | 375 | 1:12.8 | 1:9.7 | 1:11.4 | 4,124.1 | 3,904.1 | -3.61% | 94.67% |
| 2010 | 4,013 | 69,689,631 | 17,366 | 5.77% | 356 | 1:13 | 1:22 | 1:13 | 4,001.0 | 3,808.0 | -2.40% | 97.60% |
| 2011 | 4,009 | 68,498,262 | 17,086 | -1.61% | 335 | 1:18 | 1:08 | 1:09 | 3,944.5 | 3,752.2 | -1.40% | 95.10% |

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

WEST MILFORD BOARD OF EDUCATION

School Building Information

Last Ten Fiscal Years

| District Building | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Elementary | | | | | | | | | | |
| Apshawa (1996) | | | | | | | | | | |
| Square Feet | 37,172 | 37,172 | 37,172 | 37,172 | 37,172 | 37,172 | 37,172 | 37,172 | 37,172 | 37,172 |
| Capacity (students) | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 367 | 367 |
| Enrollment | 328 | 340 | 352 | 331 | 320 | 320 | 323 | 323 | 306 | 290 |
| Maple Road (1968) | | | | | | | | | | |
| Square Feet | 41,747 | 41,747 | 41,747 | 46,947 | 46,947 | 46,947 | 46,947 | 46,947 | 46,947 | 46,947 |
| Capacity (students) | 373 | 373 | 373 | 373 | 373 | 373 | 373 | 373 | 373 | 373 |
| Enrollment | 362 | 378 | 393 | 370 | 360 | 360 | 365 | 365 | 334 | 336 |
| Marshall Hill (1959) | | | | | | | | | | |
| Square Feet | 37,546 | 37,546 | 37,546 | 37,546 | 37,546 | 37,546 | 37,546 | 37,546 | 37,546 | 37,546 |
| Capacity (students) | 486 | 486 | 486 | 486 | 486 | 486 | 486 | 486 | 486 | 486 |
| Enrollment | 501 | 490 | 456 | 441 | 419 | 419 | 382 | 382 | 342 | 338 |
| Paradise Knoll (1955) | | | | | | | | | | |
| Square Feet | 30,547 | 30,547 | 30,547 | 30,547 | 30,547 | 30,547 | 30,547 | 30,547 | 30,547 | 30,547 |
| Capacity (students) | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 | 350 |
| Enrollment | 341 | 328 | 343 | 360 | 347 | 347 | 300 | 300 | 302 | 303 |
| Upper Greenwood Lake (1966) | | | | | | | | | | |
| Square Feet | 36,155 | 36,155 | 36,155 | 36,155 | 36,155 | 36,155 | 36,155 | 36,155 | 36,155 | 36,155 |
| Capacity (students) | 456 | 456 | 456 | 456 | 456 | 456 | 456 | 456 | 456 | 456 |
| Enrollment | 434 | 412 | 416 | 398 | 375 | 375 | 362 | 362 | 317 | 313 |
| Westbrook(1973) | | | | | | | | | | |
| Square Feet | 42,339 | 42,339 | 42,339 | 42,339 | 42,339 | 42,339 | 42,339 | 42,339 | 42,339 | 42,339 |
| Capacity (students) | 508 | 508 | 508 | 508 | 508 | 508 | 508 | 508 | 508 | 508 |
| Enrollment | 531 | 528 | 507 | 495 | 480 | 480 | 463 | 463 | 427 | 410 |

WEST MILFORD BOARD OF EDUCATION

School Building Information

Last Ten Fiscal Years

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <u>Middle School</u> | | | | | | | | | | |
| Macopin (1959) | 105,066 | 105,066 | 105,066 | 105,066 | 105,066 | 105,066 | 105,066 | 105,066 | 105,066 | 105,066 |
| Square Feet | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 |
| Capacity (students) | 766 | 782 | 811 | 766 | 755 | 755 | 677 | 677 | 651 | 665 |
| Enrollment | | | | | | | | | | |
| <u>High School</u> | | | | | | | | | | |
| West Milford (1976) | 182,514 | 182,514 | 182,514 | 182,514 | 182,514 | 182,514 | 182,514 | 182,514 | 182,514 | 182,514 |
| Square Feet | 1,840 | 1,840 | 1,840 | 1,840 | 1,840 | 1,840 | 1,840 | 1,840 | 1,840 | 1,840 |
| Capacity (students) | 1,380 | 1,442 | 1,450 | 1,495 | 1,462 | 1,462 | 1,439 | 1,439 | 1,334 | 1,294 |
| Enrollment | | | | | | | | | | |
| <u>Other</u> | | | | | | | | | | |
| Administration Building (1976) | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 |
| Square Feet | | | | | | | | | | |
| Transportation Office (1976) | 980 | 980 | 980 | 980 | 980 | 980 | 980 | 980 | 980 | 980 |
| Square Feet | | | | | | | | | | |
| Transportation Garage (1976) | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 | 1,600 |
| Square Feet | | | | | | | | | | |
| Transportation Garage (2005) | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Square Feet | | | | | | | | | | |
| Maintenance Pole Barn (1985) | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Square Feet | | | | | | | | | | |
| Hillcrest Community Center (1925) | 7,005 | 7,005 | 7,005 | 7,005 | 7,005 | 7,005 | 7,005 | 7,005 | 7,005 | 7,005 |
| Square Feet | | | | | | | | | | |

Number of Schools at June 30, 2011

Elementary = 6

Middle School = 1

High School = 1

Other = 6

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

WEST MILFORD BOARD OF EDUCATION

GENERAL FUND
 SCHEDULE OF ALLOWABLE MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
 LAST TEN FISCAL YEARS
 UNAUDITED

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

| *School Facilities | Project # (s) | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|--------------------------|---------------|---------|---------|---------|------------|------------|------------|------------|------------|------------|------------|
| WEST MILFORD HIGH SCHOOL | N/A | 239,311 | 220,842 | 174,358 | \$ 164,948 | \$ 162,601 | \$ 234,115 | \$ 227,557 | \$ 201,729 | \$ 155,611 | \$ 224,191 |
| APSHAWA | N/A | 45,143 | 31,514 | 49,061 | 162,735 | 39,095 | 25,242 | 23,504 | 41,176 | 43,844 | 42,291 |
| MACOPIN | N/A | 130,533 | 97,611 | 78,430 | 90,362 | 99,387 | 117,449 | 63,448 | 131,779 | 107,596 | 122,286 |
| MAPLE ROAD | N/A | 49,342 | 30,680 | 92,761 | 26,451 | 22,269 | 40,006 | 44,472 | 33,616 | 42,864 | 46,224 |
| MARSHALL HILL | N/A | 45,387 | 36,486 | 89,533 | 32,050 | 24,092 | 31,586 | 32,370 | 27,174 | 39,477 | 42,520 |
| PARADISE KNOLL | N/A | 6,940 | 37,404 | 34,380 | 45,207 | 76,159 | 39,931 | 109,956 | 36,504 | 77,211 | 30,812 |
| UPPER GREENWOOD LAKE | N/A | 47,367 | 78,659 | 49,287 | 35,566 | 45,144 | 26,112 | 29,598 | 52,843 | 42,470 | 41,781 |
| WEST BROOK | N/A | 47,685 | 68,528 | 56,618 | 45,568 | 73,139 | 34,464 | 49,749 | 78,552 | 82,435 | 44,667 |
| ADMINISTRATION | N/A | 8,158 | 4,953 | 8,351 | 2,995 | 29,856 | 1,433 | 18,749 | 9,410 | 6,797 | 7,643 |
| HILLCREST | N/A | - | - | 52 | - | - | 35 | 344 | 1,237 | 427 | 28,228 |
| MAINTENANCE POLE BARN | N/A | 5,116 | 32,403 | 14,836 | 26,033 | 18,515 | 17,099 | 11,854 | 12,636 | 3,152 | 4,793 |
| TRANSPORTATION GARAGE | N/A | 1,651 | 29,112 | 39,986 | 76,887 | 83,385 | 77,859 | 127,399 | 30,441 | 1,311 | 1,547 |
| TOTAL SCHOOL FACILITIES | | 626,633 | 668,192 | 687,653 | 708,802 | 673,642 | 645,331 | 739,031 | 657,097 | 603,195 | 636,983 |

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

Source: District Records

WEST MILFORD SCHOOL DISTRICT

Insurance Schedule
June 30, 2011
Unaudited

| | <u>Coverage</u> | <u>Deductible</u> |
|--|-----------------|-------------------|
| <u>Property & Casualty</u> | | |
| Building & Contents including Equipment Breakdown | 89,718 | 5,000 |
| Commercial General Liability | 1,000,000 | N/A |
| Personal and Advertising Injury Limit | 1,000,000 | |
| Fire and Explosion Damage Limit | 1,000,000 | |
| Product/Completed Operations Aggregate | 2,000,000 | |
| General Aggregate - Policy Limit | 2,000,000 | |
| Medical Expenses | 10,000 | |
| Employee Benefits Liability | 1,000,000 | |
| Business Income with Extra Expense | 5,000,000 | |
| Limited Pollution Liability Extension | 1,000,000 | |
| Valuable Papers | 5,000,000 | |
| Boiler & Machinery Blanket Property Limit | 100,000,000 | 1,000 |
| Crime - Blanket Employee Dishonesty | 500,000 | 5,000 |
| Faithful Performance | 500,000 | 5,000 |
| Forgery or Alteration | 50,000 | 1,000 |
| Form C Loss Inside & Outside Money & Securities | 50,000 | 1,000 |
| Computer Fraud | 50,000 | 1,000 |
| Earthquake - Blanket Coverage | 5,000,000 | 5% of Limit |
| Flood (Outside Zones A, V or B) | 5,000,000 | 50,000 |
| (Zone B) | 2,000,000 | 100,000 |
| (Zone A or V) | 1,000,000 | 500,000 |
| Commercial Automobile | 1,000,000 | 5% of Limit |
| Towing & Labor | Symbol 3 | 25 |
| Comprehensive & Collision | Symbol 2 & 8 | 1,000 |
| | <u>Limit</u> | <u>Retention</u> |
| Commercial Umbrella - American Alternative Ins. Co. Policy 60A2UB000100405 | 9,000,000 | 10,000 |
| Excess Liability - Fireman's Fund Policy SHX-000-8279-6459 | 50,000,000 | 10,000 |
| School Board Legal Liability E&O Darwin National Assurance Company Policy - 0202-0853 Includes Personal Injury Extension | 1,000,000 | 10,000 |
| Public Official Bonds - "CAN Surety Barbara Francisco - Business Admin. Board Sec. | 450,000 | N/A |

WEST MILFORD SCHOOL DISTRICT

Insurance Schedule
June 30, 2011
Unaudited

| | <u>Coverage</u> | <u>Premium</u> |
|--|-----------------|----------------|
| Accidental Death & Dismemberment - Gerber Life | | |
| Policy - BTA 37350 | | |
| Principal Sum | 100,000 | |
| Aggregate | 500,000 | |
| Environmental Impairment Liability - Site Specific | | |
| American Cas. Ins. Co. | | |
| Claims Made Form | | |
| Policy EIL-004059-08-13 | | |
| Each Occurrence | 1,000,000 | |
| Aggregate | 3,000,000 | 15,000 |
| Program Aggregate | 20,000,000 | |
| <u>Storage Tank Third Party Liability - Zurich American Ins. Co.</u> | | |
| Claims Made Form | | |
| Policy -USC-3511057-10 | | |
| Each Claim | 1,000,000 | 5,000 |
| Total all Claims | 1,000,000 | |
| Retro Date Coverage's A and B | | 7/1/1998 |
| <u>NFIP Flood Insurance Policy - Harleysville Ins. Co. of NJ</u> | | |
| Claims Made Form | | |
| Policy-99029942812010 | | |
| Building | 90,000 | 1,000 |

SINGLE AUDIT SECTION

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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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

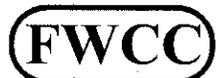
Honorable President and
Members of the Board of Education
Township of West Milford School District
County of Passaic
West Milford, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Township of West Milford School District in the County of Passaic, State of New Jersey as of and for the fiscal year ended June 30, 2011, which collectively comprise the basic financial statements of the Board of Education of the Township of West Milford School District in the County of Passaic and have issued our report thereon dated December 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Township of West Milford Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township of West Milford 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 Township of West Milford Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of West Milford 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.



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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of West Milford 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 the Division of Finance, Department of Education, State of New Jersey and which are described in the accompanying Schedule of Findings and Questioned Costs as Item 11-01.

We noted certain matters that we reported to the Board of Education of the Township of West Milford School District in a separate report entitled, *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated December 2, 2011.

The West Milford Board of Education's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned costs. We did not audit the West Milford Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Township of West Milford Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Charles J. Ferraioli, Jr., C.P.A.
Licensed Public School Accountant
No. 749

Ferraioli, Wielkutz, Cerullo, & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

December 2, 2011



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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 N.J. OMB CIRCULAR 04-04

Honorable President and
Members of the Board of Education
Township of West Milford School District
County of Passaic
West Milford, New Jersey

Compliance

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

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

As described in Item 11-01 in the accompanying Schedule of Findings and Questioned Costs, the West Milford Board of Education did not comply with the requirements regarding submitting the second quarter 2010 ARRA 1512 Report that is applicable to its ARRA-IDEA-Part B Program. Compliance with such requirements is necessary, in our opinion, for the West Milford Board of Education to comply with the requirements applicable to that program.



In our opinion, except for the noncompliance described in the preceding paragraph, the Board of Education of the Township of West Milford School District, in the County of Passaic, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

Management of the Board of Education of the Township of West Milford School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Township of West Milford Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB 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 effective of the Township of West Milford Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a 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 the 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 the audit committee, management, the Township of West Milford Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Charles J. Ferraioli, Jr., C.P.A.
Licensed Public School Accountant
No. 749

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FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

December 2, 2011



WEST MILFORD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ending June 30, 2011

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Grant or State Project Number | Award Amount | Grant Period From / To | (Accounts Receivable) | June 30, 2010 Deferred Revenue | Due to Grantor | Carryover/ Adjustments |
|--|---------------------|-------------------------------|--------------|------------------------|-----------------------|--------------------------------|----------------|------------------------|
| U.S. Department of Health & Human Services Passed-through State Department of Education | | | | | | | | |
| General Fund: | | | | | | | | |
| Medical Assistance Program | 93.778 | N/A | 74,576.75 | 7/1/10-6/30/11 | - | - | - | - |
| Total General Fund | | | | | | | | |
| U.S. Department of Agriculture Passed - through State Department of Education: | | | | | | | | |
| Enterprise Fund: | | | | | | | | |
| U.S.D.A. Commodities Program | 10.550 | N/A | 46,088.01 | 7/1/10-6/30/11 | (16,723.39) | 1,903.66 | - | - |
| National School Lunch Program | 10.555 | N/A | 188,510.58 | 7/1/09-6/30/10 | - | - | - | - |
| National School Lunch Program | 10.555 | N/A | 186,539.96 | 7/1/10-6/30/11 | (537.74) | - | - | - |
| School Breakfast Program | 10.553 | N/A | 3,200.04 | 7/1/09-6/30/10 | - | - | - | - |
| School Breakfast Program | 10.553 | N/A | 5,521.44 | 7/1/10-6/30/11 | (17,261.13) | 1,903.66 | - | - |
| Total Enterprise Fund | | | | | | | | |
| U.S. Department of Education Passed - through State Department of Education: | | | | | | | | |
| Special Revenue Fund: | | | | | | | | |
| ARRA - Title I - Part A | | | | | | | | |
| Title I - Improving Basic Programs | 84.389 | ARRA5650-10 | 272,703.00 | 9/1/09-8/31/10 | (16,150.97) | - | - | - |
| Title I - Improving Basic Programs | 84.010A | NCLB5650-11 | 449,199.00 | 9/1/10-8/31/11 | - | - | - | - |
| Title I - Improving Basic Programs | 84.010A | NCLB5650-10 | 415,978.00 | 9/1/09-8/31/10 | (115,934.75) | - | - | - |
| Title I - Improving Basic Programs | 84.010A | NCLB5650-09 | 424,615.00 | 9/1/08-8/31/09 | - | - | - | - |
| ARRA - Title I - School Improvement | 84.388 | ARRA5650-10 | 1,876.00 | 9/1/09-8/31/10 | (133.00) | - | - | - |
| Title II - A - Teacher & Principal Training & Recruiting | 84.367A | NCLB5650-11 | 148,640.00 | 9/1/10-8/31/11 | - | - | - | - |
| Title II - A - Teacher & Principal Training & Recruiting | 84.367A | NCLB5650-10 | 146,872.00 | 9/1/09-8/31/10 | (45,029.29) | - | - | - |
| Title II - A - Teacher & Principal Training & Recruiting | 84.318X | NCLB5650-09 | 145,622.00 | 9/1/08-8/31/09 | (8,698.00) | - | - | - |
| Title II - D - Enhancing Education Through Technology | 84.318X | NCLB5650-10 | 4,161.00 | 9/1/09-8/31/10 | (2,950.16) | - | - | - |
| Title II - D - Enhancing Education Through Technology | 84.318X | NCLB5650-09 | 3,526.00 | 9/1/08-8/31/09 | - | - | - | - |
| Title II - D - Enhancing Education Through Technology | 84.365A | NCLB5650-11 | 5,764.00 | 9/1/10-8/31/11 | - | - | - | - |
| Title III - English Enhancement | 84.186A | NCLB5650-09 | 11,109.00 | 9/1/08-8/31/09 | - | - | - | - |
| Title IV - Safe and Drug Free Schools | 84.186A | NCLB5650-10 | 10,217.00 | 9/1/09-8/31/10 | (5,088.10) | 274.00 | 526.00 | (13.60) |
| Title IV - Safe and Drug Free Schools | 84.392 | ARRA5650-10 | 893,223.00 | 9/1/09-8/31/10 | (52,587.20) | - | - | - |
| ARRA - I.D.E.A. Part B | 84.027 | ARRA5650-10 | 32,302.00 | 9/1/09-8/31/10 | (10,055.96) | - | - | - |
| ARRA - I.D.E.A. Part B Preschool | 84.027 | IDEA5650-11 | 925,762.00 | 9/1/10-8/31/11 | - | - | - | - |
| I.D.E.A. Part B, Basic Regular | 84.027 | IDEA5650-10 | 920,857.00 | 9/1/09-8/31/10 | (86,419.00) | - | - | - |
| I.D.E.A. Part B, Basic Regular | 84.027 | IDEA5650-09 | 949,064.00 | 9/1/08-8/31/09 | (90.69) | - | - | - |
| I.D.E.A. Part B, Preschool | 84.173 | IDEA5650-11 | 39,121.00 | 9/1/10-8/31/11 | (46.89) | - | - | - |
| I.D.E.A. Part B, Preschool | 84.173 | IDEA5650-10 | 37,852.00 | 9/1/09-8/31/10 | (343,184.01) | 274.00 | 526.00 | (13.60) |
| Total Special Revenue Fund | | | | | | | | |
| Total Federal Financial Awards | | | | | (360,445.14) | 2,177.66 | 526.00 | - |

See accompanying notes to Schedules of Expenditures of Federal awards and State Financial Assistance.

WEST MILFORD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ending June 30, 2011

| Federal Grantor/Pass-Through Grantor/ Program Title | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | (Accounts Receivable) | June 30, 2011 Deferred Revenue | Due to Grantor | MEMO Cumulative Total Expenditures |
|--|---------------------|---------------------------|--|--------------------------|--------------------------------------|-------------------|---|
| U.S. Department of Health & Human Services Passed-through State Department of Education General Fund: | | | | | | | |
| Medicaid Assistance Program | 74,576.75 | (74,576.75) | - | - | - | - | 74,576.75 |
| Total General Fund | <u>74,576.75</u> | <u>(74,576.75)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>74,576.75</u> |
| U.S. Department of Agriculture Passed - through State Department of Education: | | | | | | | |
| Enterprise Fund: | | | | | | | |
| U.S.D.A. Commodities Program | 46,088.01 | (42,723.66) | | | 5,268.01 | | 42,723.66 |
| National School Lunch Program | 16,723.39 | | | | | | |
| National School Lunch Program | 168,585.56 | (186,539.96) | | (17,954.40) | | | 186,539.96 |
| School Breakfast Program | 537.74 | | | | | | |
| School Breakfast Program | 4,970.78 | (5,521.44) | | (610.66) | | | 5,521.44 |
| Total Enterprise Fund | <u>236,845.48</u> | <u>(234,785.06)</u> | <u>-</u> | <u>(18,565.06)</u> | <u>5,268.01</u> | <u>-</u> | <u>234,785.06</u> |
| U.S. Department of Education Passed - through State Department of Education: | | | | | | | |
| Special Revenue Fund: | | | | | | | |
| ARRA - Title I - Part A: | | | | | | | |
| Title I - Improving Basic Programs | 181,554.00 | (192,691.19) | | (27,288.16) | | | 231,831.16 |
| Title I - Improving Basic Programs | 238,168.00 | (382,579.92) | | (144,411.92) | | | 382,579.92 |
| Title I - Improving Basic Programs | 160,101.00 | (52,474.25) | | (8,308.00) | | | 415,978.00 |
| Title I - Improving Basic Programs | 69,378.00 | (65,872.00) | | | 3,506.00 | | 424,615.00 |
| ARRA - Title I - School Improvement | 133.00 | | | | | | 1,876.00 |
| Title II - A - Teacher & Principal Training & Recruiting | 72,022.00 | (123,092.46) | | (51,070.46) | | | 123,092.46 |
| Title II - A - Teacher & Principal Training & Recruiting | 72,737.00 | (27,707.71) | | | | | 146,872.00 |
| Title II - A - Teacher & Principal Training & Recruiting | 8,698.00 | | | | | | 145,622.00 |
| Title II - D - Enhancing Education Through Technology | 326.84 | (1,019.00) | | (692.16) | | | 1,019.00 |
| Title II - D - Enhancing Education Through Technology | 2,950.16 | | | | | | 4,161.00 |
| Title III - English Enhancement | | (5,764.00) | (526.00) | | | | 5,764.00 |
| Title IV - Safe and Drug Free Schools | 6,174.00 | | | | | 260.40 | 11,109.00 |
| ARRA - I.D.E.A. Part B | 625,357.00 | (1,099.64) | | (0.14) | | | 10,217.00 |
| ARRA - I.D.E.A. Part B Preschool | 803,609.31 | (574,147.00) | | (1,377.20) | | | 874,312.58 |
| I.D.E.A. Part B, Basic Regular | 86,419.00 | (17,462.42) | | (50,728.13) | | | 32,302.00 |
| I.D.E.A. Part B, Basic Regular | 90.69 | (854,337.44) | | | | | 854,337.44 |
| I.D.E.A. Part B, Preschool | 39,000.11 | (39,050.55) | | (50.44) | | | 920,857.00 |
| I.D.E.A. Part B, Preschool | 46.89 | | | | | | 949,064.00 |
| Total Special Revenue Fund | <u>2,366,765.00</u> | <u>(2,337,297.58)</u> | <u>(526.00)</u> | <u>(317,208.99)</u> | <u>3,506.00</u> | <u>260.40</u> | <u>5,616,038.11</u> |
| Total Federal Financial Awards | <u>2,678,187.23</u> | <u>(2,646,659.39)</u> | <u>(526.00)</u> | <u>(335,774.05)</u> | <u>8,774.01</u> | <u>260.40</u> | <u>5,925,399.92</u> |

See accompanying notes to Schedules of Expenditures of Federal awards and State Financial Assistance.

WEST MILFORD SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ending June 30, 2011

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period From / To | June 30, 2010 | | Cash Received | Budgetary Expenditures |
|---|-------------------------------|-------------------------|------------------------|--|----------------|---------------|------------------------|
| | | | | Deferred Revenue (Accounts Receivable) | Due to Grantor | | |
| State Department of Education: | | | | | | | |
| General Fund: | | | | | | | |
| Equalization Aid | 11-495-034-5120-078 | 10,140,424.00 | 7/1/10-6/30/11 | | | 10,140,424.00 | (10,140,424.00) |
| Transportation Aid | 11-495-034-5120-014 | 366,001.00 | 7/1/10-6/30/11 | | | 366,001.00 | (366,001.00) |
| Special Education Categorical Aid | 11-495-034-5120-069 | 2,122,002.00 | 7/1/10-6/30/11 | | | 2,122,002.00 | (2,122,002.00) |
| Security Aid | 11-495-034-5120-084 | 304,246.00 | 7/1/10-6/30/11 | | | 304,246.00 | (304,246.00) |
| Extraordinary Special Educ. Costs Aid | 10-100-034-5120-473 | 916,980.00 | 7/1/09-6/30/10 | (916,980.00) | | | |
| Extraordinary Special Educ. Costs Aid | 11-100-034-5120-473 | 757,925.00 | 7/1/10-6/30/11 | | | | (757,925.00) |
| Reimbursement of Nonpublic Transportation | 10-495-034-5120-014 | 57,823.00 | 7/1/09-6/30/10 | (57,823.00) | | | |
| Reimbursement of Nonpublic Transportation | 11-495-034-5120-014 | 46,483.80 | 7/1/10-6/30/11 | | | | (46,483.80) |
| On-Behalf TPAF contribution: | | | | | | | |
| NCGI Premium | 11-495-034-5095-007 | 94,564.00 | 7/1/10-6/30/11 | | | 94,564.00 | (94,564.00) |
| Post Retirement Medical | 11-495-034-5095-001 | 2,008,535.00 | 7/1/10-6/30/11 | | | 2,008,535.00 | (2,008,535.00) |
| Reimbursed T.P.A.F. - Social Security | 10-495-034-5095-002 | 2,272,325.49 | 7/1/09-6/30/10 | (112,458.84) | | 112,458.84 | |
| Reimbursed T.P.A.F. - Social Security | 11-495-034-5095-002 | 2,131,310.12 | 7/1/10-6/30/11 | | | 2,026,235.99 | (2,131,310.12) |
| Total General Fund | | | | (1,087,259.84) | | 18,149,287.73 | (17,971,490.92) |
| Debt Service Fund: | | | | | | | |
| Debt Service Aid Type II | 11-100-034-5120-125 | 5,783.00 | 7/1/10-6/30/11 | | | 5,783.00 | (5,783.00) |
| Total Debt Service Fund | | | | | | 5,783.00 | (5,783.00) |
| Capital Projects Fund: | | | | | | | |
| New Jersey Economic Development Auth. | | | | | | | |
| | 5650-042-09-1004 | 25,606.83 | 7/1/10-6/30/11 | | | | (25,606.83) |
| | 5650-055-09-1006 | 34,840.00 | 7/1/10-6/30/11 | | | | (34,840.00) |
| | 5650-070-09-1010 | 6,959.67 | 7/1/10-6/30/11 | | | | (6,959.67) |
| | 5650-040-09-1003 | 17,970.00 | 7/1/10-6/30/11 | | | | (17,970.00) |
| | 5650-042-09-1005 | 7,832.20 | 7/1/10-6/30/11 | | | | (7,832.20) |
| | 5650-060-09-2008 | 9,156.36 | 7/1/10-6/30/11 | | | | (9,156.36) |
| | 5650-070-09-2009 | 11,109.76 | 7/1/10-6/30/11 | | | | (11,109.76) |
| | 5650-080-09-1012 | 6,818.35 | 7/1/10-6/30/11 | | | | (6,818.35) |
| | 5650-090-09-1013 | 13,691.00 | 7/1/10-6/30/11 | | | | (13,691.00) |
| | 5650-040-09-1002 | 114,737.73 | 7/1/10-6/30/11 | | | | (114,737.73) |
| | P22735 | 45,585.00 | 7/1/09-6/30/10 | 40,167.92 | | | |
| Total Capital Projects Fund | | | | 40,167.92 | | | (248,721.90) |
| Special Revenue Fund: | | | | | | | |
| N.J. Nonpublic Aid: | | | | | | | |
| Textbook Aid | 10-100-034-5120-084 | 8,724.00 | 7/1/09-6/30/10 | | 661.21 | | |
| Textbook Aid | 11-100-034-5120-084 | 2,785.00 | 7/1/10-6/30/11 | | | 2,785.00 | (2,728.00) |
| Nonpublic Nursing | 11-100-034-5120-070 | 3,300.00 | 7/1/10-6/30/11 | | | 3,300.00 | (3,300.00) |
| Auxiliary Services: | | | | | | | |
| Compensatory Education | 10-100-034-5120-067 | 30,710.00 | 7/1/09-6/30/10 | | 14,491.07 | | |
| Handicapped Services: | | | | | | | |
| Supplemental Instruction | 10-100-034-5120-066 | 15,132.00 | 7/1/09-6/30/10 | | 5,256.64 | | |
| Examination and Classification | 10-100-034-5120-068 | 16,631.00 | 7/1/09-6/30/10 | | 6,573.55 | | |
| Connective Speech | 10-100-034-5120-066 | 8,070.00 | 7/1/09-6/30/10 | | 3,498.83 | | |
| Total Special Revenue Fund | | | | | 30,479.30 | 6,085.00 | (6,028.00) |
| State Department of Agriculture | | | | | | | |
| Enterprise Fund: | | | | | | | |
| School Breakfast Program | 10-100-010-3350-021 | 276.40 | 7/1/09-6/30/10 | (43.90) | | 43.90 | |
| National School Lunch Program | 10-100-010-3350-023 | 14,562.72 | 7/1/09-6/30/10 | (1,252.10) | | 1,252.10 | |
| National School Lunch Program | 11-100-010-3350-023 | 11,419.42 | 7/1/10-6/30/11 | | | 10,193.72 | (11,419.42) |
| Total Enterprise Fund | | | | (1,296.00) | | 11,489.72 | (11,419.42) |
| Total State Financial Assistance | | | | (1,048,387.92) | 30,479.30 | 18,172,625.45 | (18,243,443.24) |

See accompanying notes to Schedule of Expenditures of Federal awards and State Financial Assistance.

WEST MILFORD SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ending June 30, 2011

| State Grantor/Program Title | MEMO | | | | Cumulative Total Expenditures |
|---|------------------------------------|-----------------------|--------------------------------|-------------------|-------------------------------|
| | Repayment of Prior Years' Balances | (Accounts Receivable) | June 30, 2011 Deferred Revenue | Due to Grantor at | |
| State Department of Education: | | | | | |
| General Fund: | | | | | |
| Equalization Aid | | | | | 10,140,424.00 |
| Transportation Aid | | | | | 36,282.00 |
| Special Education Categorical Aid | | | | | 2,122,002.00 |
| Security Aid | | | | | 30,160.00 |
| Extraordinary Special Educ. Costs Aid | (757,925.00) | | | | 757,925.00 |
| Extraordinary Special Educ. Costs Aid | (46,483.80) | | | | 46,483.80 |
| Reimbursement of Nonpublic Transportation | | | | | 94,564.00 |
| Reimbursement of Nonpublic Transportation | | | | | 2,006,535.00 |
| On-Behalf TPAF contribution: | | | | | |
| NCGI Premium | | | | | 2,131,310.12 |
| Post Retirement Medical | | | | | 17,971,480.92 |
| Reimbursed T.P.A.F. - Social Security | (105,074.23) | | | | |
| Reimbursed T.P.A.F. - Social Security | (909,483.03) | | | | |
| Total General Fund | | | | | 1,282,028.00 |
| Debt Service Fund: | | | | | |
| Debt Service Aid Type II | | | | | 5,783.00 |
| Total Debt Service Fund | | | | | 5,783.00 |
| Capital Projects Fund: | | | | | |
| New Jersey Economic Development Auth. | (25,606.83) | | | | 34,840.00 |
| | (34,840.00) | | | | 6,959.67 |
| | (6,959.67) | | | | 17,970.00 |
| | (17,970.00) | | | | |
| | (7,832.20) | | | | 7,832.20 |
| | (9,156.36) | | | | 9,156.36 |
| | (11,109.76) | | | | 11,109.76 |
| | (6,818.35) | | | | 6,818.35 |
| | (13,691.00) | | | | 13,691.00 |
| | (114,737.73) | | | | 114,737.73 |
| Total Capital Projects Fund | (248,721.90) | | 40,167.92 | | 223,115.07 |
| | | | 40,167.92 | | |
| Special Revenue Fund: | | | | | |
| N.J. Nonpublic Aid: | | | | | |
| Textbook Aid | (661.21) | | | 57.00 | 2,728.00 |
| Textbook Aid | | | | | 3,300.00 |
| Nonpublic Nursing | | | | | |
| Auxiliary Services: | (14,491.07) | | | | |
| Compensatory Education | | | | | |
| Handicapped Services: | (5,256.64) | | | | |
| Supplemental Instruction | (6,573.55) | | | | |
| Examination and Classification | (3,496.83) | | | | |
| Corrective Speech | (30,479.30) | | | | |
| Total Special Revenue Fund | | | | 57.00 | 6,028.00 |
| State Department of Agriculture | | | | | |
| Enterprise Fund: | | | | | |
| School Breakfast Program | | | | | |
| National School Lunch Program | (1,225.70) | | | | 11,419.42 |
| National School Lunch Program | (1,225.70) | | | | 11,419.42 |
| Total Enterprise Fund | | | | | |
| Total State Financial Assistance | (30,479.30) | (1,159,430.63) | 40,167.92 | 57.00 | 1,282,028.00 |

See accompanying notes to Schedule of Expenditures of Federal awards and State Financial Assistance

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all Federal and State Award programs of the Board of Education, Township of West Milford School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All Federal Awards and State Financial Assistance received directly from federal and state agencies, as well as Federal Awards and State Financial Assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2 (C) and 2(D) to the Board's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$311,669.00 for the general fund and \$16,383.23 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|------------------------|-----------------------|------------------------|------------------------|
| General Fund | \$ 74,576.75 | \$18,283,159.92 | \$18,357,736.67 |
| Special Revenue Fund | 2,353,515.35 | 6,028.00 | 2,359,543.35 |
| Debt Service Fund | - | 5,783.00 | 5,783.00 |
| Capital Projects Fund | - | 248,721.90 | 248,721.90 |
| Food Service Fund | <u>234,785.06</u> | <u>11,419.42</u> | <u>246,204.48</u> |
| Total Financial Awards | <u>\$2,662,877.16</u> | <u>\$18,555,112.24</u> | <u>\$21,217,989.40</u> |

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING

The Township of West Milford School District had the following loan balances outstanding at June 30, 2011:

| | <u>Amount Outstanding</u> |
|--|---------------------------|
| Safe Schools Program | \$ 11,106.66 |
| Small Projects Program | 44,930.59 |
| N.J. Economic Authority Underground Storage Tank Loan | <u>36,468.00</u> |
| | <u>\$92,505.25</u> |

NOTE 6. OTHER

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

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

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes X no
 2) Significant deficiencies identified? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

- 1) Material weakness(es) identified? yes X no
 2) Significant deficiencies identified? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes X no

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| <u>84-010</u> | <u>Title I - Improving Basic Programs</u> |
| <u>84.027</u> | <u>I.D.E.A. Part B - Basic</u> |
| <u>84.173</u> | <u>I.D.E.A. - Part B - Preschool</u> |
| <u>84.389</u> | <u>A.R.R.A. - Title I - Part A</u> |
| <u>84.391</u> | <u>A.R.R.A. - I.D.E.A. - Part B</u> |
| <u>84.392</u> | <u>A.R.R.A. - I.D.E.A. - Part B - Preschool</u> |

Dollar threshold used to distinguish between type A and type B programs: \$300,000
 Auditee qualified as low-risk audited? X yes no

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

Section 1 - Summary of Auditor's Results, (continued)

State Award

Dollar threshold used to distinguish between type A and type B programs: \$547,303

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

- 1) Material weakness(es) identified? yes X no
- 2) Significant deficiencies identified that are 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 NJ OMB Circular Letter 04-04? yes X no

Identification of major programs:

| <u>State Grant/Project Number(s)</u> | <u>Name of State Program</u> |
|--------------------------------------|--|
| <u>11-495-034-5120-078</u> | <u>Equalization Aid</u> |
| <u>11-495-034-5120-089</u> | <u>Categorical Special Education Aid</u> |
| <u>11-495-034-5095-002</u> | <u>TPAF Social Security</u> |
| <u>11-495-034-5120-014</u> | <u>Categorical Transportation Aid</u> |
| <u>11-495-034-5095-001</u> | <u>On Behalf TPAF Contributions -</u> |
| | <u>Post Retirement Medical</u> |
| <u>11-495-034-5120-084</u> | <u>Categorical Security Aid</u> |
| <u>11-100-034-5120-473</u> | <u>Extraordinary Aid</u> |

Section II - Financial Statement Findings

NONE

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(continued)**

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

Finding 11-01

Information on the Federal Program:

U.S. Department of Education passed - through State Department of Education 84.391 - ARRA IDEA- Part B 7/01/10- 6/30/11

Criteria or specific requirement:

American Recovery and Reinvestment Act of 2009 (ARRA), EDGAR, PART 80 - *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, Section 20, Standards for financial management systems.

Condition:

The district failed to submit their second quarter ARRA quarterly 1512 Report.

Questioned Costs:

N/A

Context:

ARRA - IDEA- Part B .

Effect:

We could not review report.

Cause:

Failure to follow grant requirements listed above.

Recommendation:

All quarterly ARRA 1512 reports should be submitted by the district.

Management Response:

Re: Form 1512 - All quarterlies will be submitted in the future if applicable.

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Status of Prior Year Findings

There were no prior year audit findings.