

EAST AMWELL TOWNSHIP
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**EAST AMWELL TOWNSHIP BOARD OF EDUCATION
EAST AMWELL TOWNSHIP, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Prepared by

**EAST AMWELL TOWNSHIP BOARD OF EDUCATION
DEPARTMENT OF ADMINISTRATION**

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS**

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	2
Organizational Chart	3
Roster of Officials	4
Consultants and Advisors	5
FINANCIAL SECTION	
Independent Auditor's Report	7-8
Required Supplemental Information – Part I Management's Discussion and Analysis	10
Basic Financial Statements	
A. District-Wide Financial Statements:	
A-1 Statement of Net Assets	13
A-2 Statement of Activities	14
B. Fund Financial Statements	
Governmental Funds:	
B-1 Balance Sheet	16-17
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	18-19
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Proprietary Funds:	
B-4 Statement of Net Assets	21
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	22
B-6 Statement of Cash Flows	23
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	24
B-8 Statement of Changes in Fiduciary Net Assets	25
Notes to the Financial Statements	27-46
Required Supplementary Information – Part II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule-General Fund	50-56
C-1A Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual	57
C-1B American Recovery & Reinvestment Act-Budget and Actual	57
C-2 Budgetary Comparison Schedule-Special Revenue Fund	58
Notes to the Required Supplementary Information:	
C-3 Budget-to-GAAP Reconciliation	60

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
(Continued)**

FINANCIAL SECTION (Continued)	<u>PAGE</u>
Other Supplemental Information	
D. School Level Schedule	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund-Budgetary Basis	64
F. Capital Projects Fund:	
G. Proprietary Funds	
Enterprise Fund:	
G-1 Statement of Fund Net Assets	67
G-2 Statement of Revenues, Expenses and Changes in Fund Net Assets	68
G-3 Statement of Cash Flows	69
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Fund Net Assets	71
H-2 Statement of Changes in Fiduciary Net Assets	72
H-3 Student Activity Agency Fund Statement of Changes in Assets and Liabilities	73
H-4 Payroll Agency Fund Statement of Changes in Assets and Liabilities	74
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	76
I-2 Debt Service Fund Budgetary Comparison Schedule	77
I-3 Obligations Under Capital Leases	78
STATISTICAL SECTION (Unaudited)	
Table of Contents	80
J-1 Net Assets by Component	81
J-2 Changes in Net Assets	82-84
J-3 Fund Balances, Governmental Funds	85
J-4 Changes in Fund Balances, Governmental Funds	86
J-5 General Fund-Other Local Revenues by Source	87
J-6 Assessed Value and Actual Value of Taxable Property	88
J-7 Direct and Overlapping Property Tax Rates	89
J-8 Principal Property Taxpayers	90
J-9 Property Tax Levies and Collections	91
J-10 Ratios of Outstanding Debt by Type	92
J-11 Ratios of General Bonded Debt Outstanding	93
J-12 Direct and Overlapping Governmental Activities Debt	94

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
(Continued)**

	<u>PAGE</u>
STATISTICAL SECTION (Unaudited)	
(Continued)	
Table of Contents (Cont'd)	
J-13 Legal Debt Margin Information	95
J-14 Demographic and Economic Statistics	96
J-15 Principal Employers	97
J-16 Full Time Equivalent District Employees by Function/Program	98
J-17 Operating Statistics	99
J-18 School Building Information	100
J-19 Required Maintenance	101
J-20 Insurance Schedule	102
SINGLE AUDIT SECTION	
K-1 Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	104-105
K-2 Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-33 and New Jersey OMB Circular 04-04	106-107
K-3 Schedule of Expenditures of Federal Awards, Schedule A	108
K-4 Schedule of Expenditures State Financial Assistance, Schedule B	109
K-5 Notes to the Schedules of Awards and Financial Assistance	110-111
K-6 Schedule of Findings and Questioned Costs	112-114
K-7 Summary Schedule of Prior Audit Findings	114

INTRODUCTORY SECTION

BOARD OF EDUCATION EAST AMWELL SCHOOL DISTRICT

October 20, 2010

Honorable President and Members
of the East Amwell School District
Hunterdon County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the East Amwell School District for the Fiscal Year ended June 30, 2010 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U. S. Office of Management and Budget Circular A-133, "Audits of State, Local Government, and Non-Profit Organizations," and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:**

East Amwell School District is an independent reporting entity within the criteria adopted by the GASB (Governmental Account Standards Board) as established by Statement No. 14. All funds and accounting groups of the District are included in this report. The East Amwell Board of Education and its one school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K-8, including both regular and special education. The Preschool Handicapped Program, begun during the 2004-05 school year for handicapped children ages 3 – 4, has expanded to include regular education students. Enrollment in the preschool for

the 2009-10 school year was 22. Resident enrollment as of June 30, 2010 totaled 501 students.

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

<u>FISCAL YEAR</u>	<u>STUDENT ENROLLMENT</u>	<u>% CHANGE</u>
2009-10	501	+2.7%
2008-09	488	-.2%
2007-08	489	-1.0%
2006-07	494	+1.6%
2005-06	486	+1.0%
2004-05	481	+2.1%
2003-04	471	-2.5%
2002-03	483	+ .02%
2001-02	475	-.01%
2000-01	480	-3.40%
1999-00	497	0%
1998-99	497	+2.30%
1997-98	486	+ .02%
1996-97	485	-4.50%
1995-96	508	- 1.00%

2. ECONOMIC CONDITION AND OUTLOOK

East Amwell Township is located in southern Hunterdon County and encompasses 27.9 square miles with 47 miles of roads, including the Rt. 31-202 corridor. The Township's total population of 4,455 persons, as reported in the 2000 Census, lives in approximately 1,581 households, including approximately 672 farms and 7 apartment buildings. East Amwell is rural in character, with the Village of Ringoes as its primary population and business center.

The East Amwell Township Elementary School, located on a 32-acre site with outdoor playground equipment and ball fields, is the only school building. The school was constructed in 1938, with additions in 1950, 1963, 1978, 1988, and 1998. With the K-8 organizational structure, the present facility has a functional capacity of 558 students. The addition of a 10-acre tract of land allowed for space to construct two soccer fields, which are shared with the Township Recreation Committee.

The school district is governed by a nine member Board of Education elected by the district to serve alternating three-year terms. As of June 30, 2010 the District employed a Superintendent, Principal, Board Secretary/School Business Administrator, 50 full-time certificated, 5 part-time certificated, 18 full-time non-certificated, and 4 part-time non-certificated staff. Hunterdon Central Regional High School provides transportation for all students, with the exception of some out-of-district placements, which may be provided by the Hunterdon County Education Services Commission.

The future outlook for District financing continues to depend primarily upon the ability and willingness of the Governor and State Legislature to provide funding for education. The availability of tax revenues to the State and its distribution among all New Jersey School Districts, however, will have a profound impact on the education provided to East Amwell students and to the local property taxes.

3. **MAJOR INITIATIVES:**

Test Results

Students continue to score above the state mandated tests. The Grade Three New Jersey Assessment of Skills and Knowledge (NJASK3) was administered in May 2010. Total student scores are as follows: 67.3 percent of the students scored proficient or advanced proficient in Language Arts Literacy; 86.5 percent scored proficient or advanced proficient in Mathematics. The Grade Four New Jersey Assessment of Skills and Knowledge (NJASK4) was administered in May 2010. Total student scores are as follows: 81.7 percent of the students scored proficient or advanced proficient in Language Arts Literacy; 85.7 percent scored proficient or advanced proficient in Mathematics. Grade Eight New Jersey Assessment of Skills and Knowledge (NJASK8) was administered in April 2010. Total student scores are as follows: 96.7 percent of the students scored proficient or advanced proficient in Language Arts Literacy; 75.0 percent scored proficient or advanced proficient in Mathematics.

Curriculum

During the 2009-10 school year the Science, Health and PE and Art curriculums have been revised and re-written to align with the New Jersey Core Curriculum Standards.

Staff Development

Staff Development activities in the 2009-10 school year included Character Education, Differentiation, Student Formative Assessment, Language Arts Standards, Access for ELL, Right-to-Know, and Professional Learning Communities. These activities were conducted in response to staff surveys assessing professional development needs.

Synergistics

The Synergistics Learning system is a technology-assisted learning system divided into workstations where pairs of students explore a variety of content areas providing multi-sensory experiences through audio, video, software, text, and hands-on activities. Modules include Career Exploration, Podcasting, CSI (Crime Scene Investigation), Design Challenge, Mechanical Drawing, Film, Photography, Garage Band, Bridge Building, Solar Cars, Flight Technology, and Personal Finance. Synergistics, located in the Technology Lab, provides a well-balanced program for a

broad range of student interests as well as an introduction to the applied technology program at Hunterdon Central High School.

Smart Classrooms

Five Middle School classrooms have been equipped with wireless Tablet PC Laptop computers and wireless LCD projectors, full pull down projection screens and multimedia hardware (DVD / stereo sound systems).

Moodle

Modular Object-Oriented Dynamic Learning Environment is used throughout the school. A major upgrade took place this summer making the interface with the Student Information System more seamless. MOODLE is an Open Source Course Management System that has become very popular among educators around the world as a tool for creating online dynamic web sites for their students, as well as a vehicle of communication with parents and guardians. Some teachers use MOODLE to host their entire class lesson plans, project calendars and notes, while others use it for promoting communication between students, families and teachers, such as posting daily homework assignments. All staff members use MOODLE for communicating homework.

Library/Media Center

The Library/Media Center is equipped with DESTINY, a complete library automation solution accessible from five networked student/teacher workstations. PC student workstations provide further access to the Internet and resources such as World Book Online, MS Office Suite, and search engines such as EPSCO Host. The regional high school uses the same solution increasing compatibility between resources.

The Computer Lab located in the Media Center consists of 25 flat panel OS10.5 iMac computers. Each computer is networked, internet ready and is imaged with MS Office Suite, The iLife Education package, Desktop Publishing capabilities and educational on-line subscription software. The Computer Lab is also home for the Media Distribution System (SAFARI) as well as the Video Streaming server (MONTAGE). The TV studio is also part of the Computer Lab where morning announcements are broadcasted every morning. The Computer Lab is also the hub for the school's website, email servers and Alert Now school family communication system.

Network Administration

Micro Technology Groupe (MTG) provides computer systems analysis/design, remote access support for data servers, and high-level technical support for both PC and Mac platforms. This support is supplemented and coordinated on-site by a part-time District Director and Coordinator. The Three-Year Technology Plan is reviewed and updated annually.

Student Information System

In January 2005 the District entered into a jointure with Hunterdon Central Regional High School (HCRHS) for student information system services through the MIG SIRS system. Under this agreement HCRHS has purchased and configured the SIRS server, MIG SIRS software, and Citrix software used by the school to access the server via the Internet. On-going services include customizing software for the school's needs, staff training, security, updates, and help desk support. This jointure creates a virtual K-12 model and extends the considerable technical resources of HCRHS to the District at an annual cost of \$20 per student.

Long Range Facilities Plan

The 2005 Long Range Facilities Plan included enrollment projections that verified the existing functional capacity of 558 should meet the district's needs thru 2010 and classified the facility "In Good Condition." The plan, which continues to coincide with the District's needs is due for updating 2013.

4. INTERNAL ACCOUNT 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 earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal account controls, the District maintains budgetary control. 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. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Account 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. FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the General Fund and Special Revenue Fund revenues for the fiscal year ended June 30, 2010 and the amount and percentage of increases in relation to prior year revenues.

REVENUE	AMOUNT	Percentage of Total	INC (DEC) FROM Prior Year	Percentage Increase Decrease
LOCAL SOURCES:				
Tax Levy:				
General	\$6,106,122	80.46%	\$234,851	4.00%
Debt Service	215,950	2.85%	(62,108)	-22.34%
Other Revenues	258,156	3.40%	18,684	7.80%
STATE AID	738,888	9.74%	(82,933)	-10.09%
FEDERAL AID	<u>270,311</u>	<u>3.56%</u>	<u>111,262</u>	69.95%
TOTAL	<u>\$7,589,427</u>	<u>100.00%</u>	<u>\$219,756</u>	2.98%

The following schedule presents a summary of General Fund and Special Revenue Fund expenditures for the fiscal year ended June 30, 2010 and the percentage of increases and decreases in relation to the prior year amounts.

EXPENDITURES	AMOUNT	Percentage Of Total	INC (DEC) From Prior Year	Percentage of Increase (Decrease)
Current Expense	\$6,917,030	92.87%	87,858	1.29%
Capital Outlay	12,577	.57%	(7,092)	-14.28%
Special Projects	272,282	3.66%	111,268	69.10%
Debt Service				
Principal	150,000	2.01%	(63,343)	-29.69%
Interest	<u>65,950</u>	<u>.89%</u>	<u>7,759</u>	-10.53%
Total	<u>\$7,447,839</u>	<u>100.00%</u>	<u>\$120,932</u>	1.65%

Notes: Excludes "on behalf" payments, lease purchase acquisitions and Capital Projects.

8. **DEBT ADMINISTRATION:**

The district issued bank qualified (callable) 20-year bonds totaling \$2,745,000 aggregate principal in January, 1998 at the per annum interest rate of 4.90%. Principal payment dates began January 15, 1999 and interest payment dates began in July. In April 2007, the balance of the bonds of \$1,885,000 was refinanced resulting in an aggregate budgetary savings of \$71,917.92. Principal payment dates continue each January 15 until maturity on January 15, 2018 or earlier redemption. Interest payment dates continue each January 15 and July 15 until maturity on January 15, 2018 or earlier redemption.

9. **CASH MANAGEMENT:**

The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Financial Statements," Notes 1 and 3. 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.

10. **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.

11. OTHER INFORMATION:

Independent Audit

State statute requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of William M. Colantano, Jr., CPA, PSA, RMA was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and New Jersey OMB's Circular 04-04. The auditor's report on the general purpose financial statements and combined and individual fund statements schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

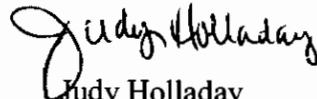
12. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the East Amwell 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 business office.

Respectfully submitted,



Edward F. Stoloski
Superintendent



Judy Holladay
SBA/Board Secretary

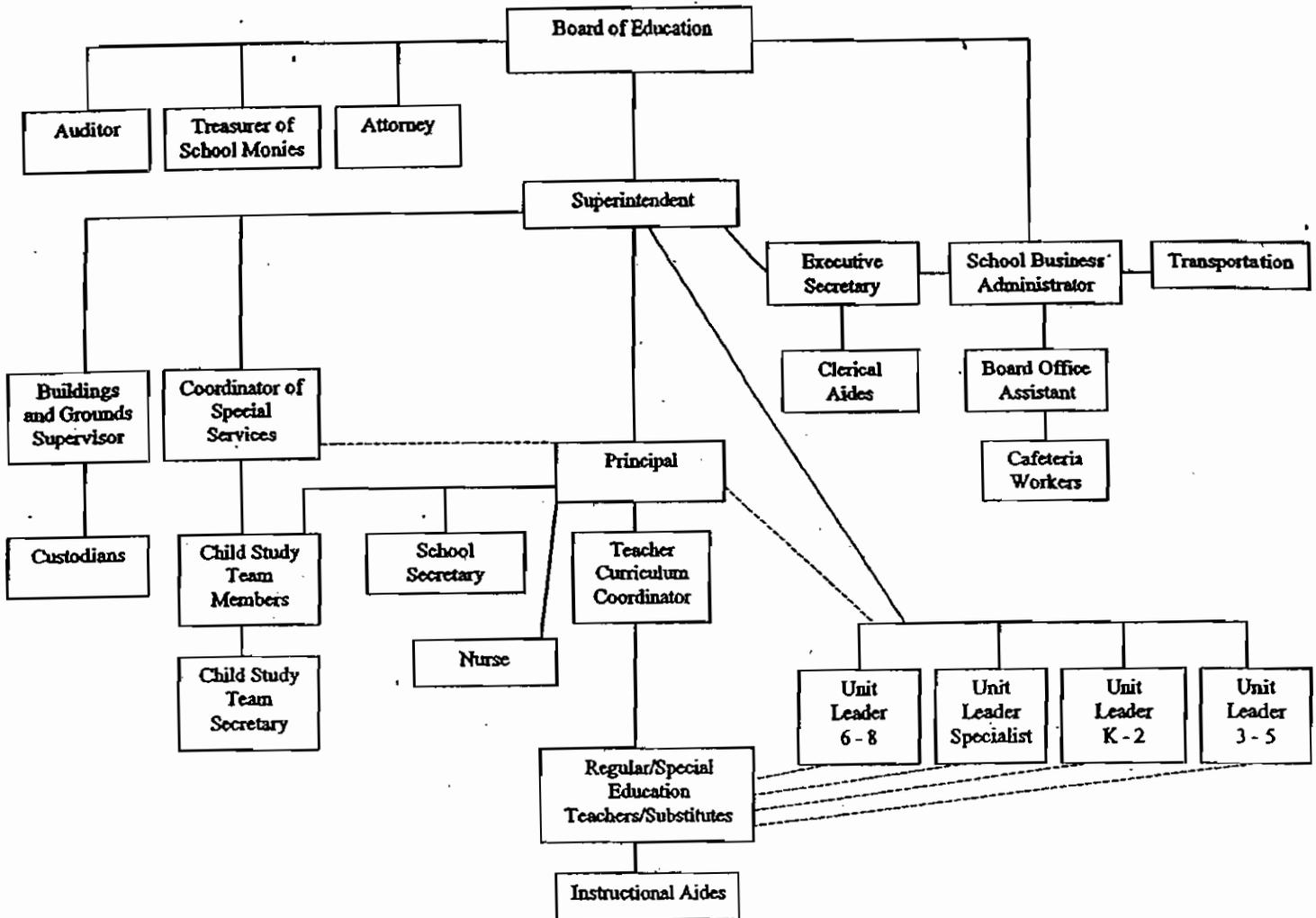
POLICY

EAST AMWELL TOWNSHIP BOARD OF EDUCATION

3

ADMINISTRATION
1110/page 1 of 1
Organizational Chart

1110 ORGANIZATIONAL CHART



Adopted: 19 January 2005



EAST AMWELL TOWNSHIP BOARD OF EDUCATION
 43 WERTSVILLE RD., PO BOX A
 RINGOES, NJ 08551
 JUNE 30, 2010

ROSTER OF OFFICIALS

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Charles Miles Jr.	President	2013
Jennifer Bausmith	Vice President	2012
Carole Amman		2011
John Bedard		2011
James Barabas		2011
Stephanie Ciarrocca		2012
Ann Kenyon		2012
George A. Marturano		2013
Charles Miller.		2013
<u>Other Officials</u>		
Edward Stoloski	Superintendent	
Judith Holladay	Interim Board Secretary/ School Business Administrator	
Jane Luhrs	Treasurer	

EAST AMWELL TOWNSHIP BOARD OF EDUCATION
JUNE 30, 2010

CONSULTANTS AND ADVISORS

AUDIT FIRM

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

ATTORNEY

Fogarty & Hara
Counselors at Law
16-00 Route 208 South
Fair Lawn, NJ 07410

OFFICIAL DEPOSITORY

TD Bank

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

INDEPENDENT AUDITOR'S REPORT

October 15, 2010

Honorable President and
Members of the Board of Education
East Amwell Township School District
County of Hunterdon, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the East Amwell Township School District in the County of Hunterdon, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the East Amwell Township Board of Education management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the East Amwell Township Board of Education in the County of Hunterdon, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 15, 2010 on our consideration of the East Amwell Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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



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

REQUIRED SUPPLEMENTARY INFORMATION-PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

The discussion and analysis of East Amwell Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- In total, net assets increased \$202,985, which represents a 10.35 percent increase from 2009.
- General revenues accounted for \$7,604,439 in revenue or 92.29 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 \$634,710 or 7.71 percent to total revenues of \$8,239,249. Due to the sharing of services of the Child Study Team and Superintendent with the Milford Board of Education, the District experienced a savings of approximately \$67,000. Additionally, the District received unanticipated tuition students.
- Total assets of governmental activities increased by \$92,210 as cash and cash equivalents increased by \$130,805, receivables and other assets increased by \$49,959 and capital assets decreased by \$88,554.
- The School District had \$8,036,164 in expenses; only \$634,710 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$7,604,439 were adequate to provide for these programs.

Among major funds, the General Fund had \$7,612,359 in revenues and \$7,429,919 in expenditures and transfers of \$45,500 to other funds. The General Fund's balance increased \$136,940 from 2009. This increase was anticipated by the Board of Education. It is a result of additional operating revenues and unexpended budget appropriations. A deposit of \$50,000 was made to the capital reserve account for future projects, bringing the total to \$216,516. A resolution was approved to earmark \$168,000 of those funds as the local share of a roof replacement project. The District anticipates the remainder of the project to be funded by a State grant. Transfers were made to the Maintenance Reserve for \$30,000 and the Emergency Reserve for \$25,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

Using this Generally Accepted Accounting Principals Report (GAAP)

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

The Statement of Net Assets and Statement of Activities 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. The fund financial statements also look at the school district's most significant funds with all other non-major funds presented in total in one column. In the case of East Amwell Township school district, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

While this document contains several 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 2010?" The Statement of Net Assets and the Statement of Activities 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 considers 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 position of the school district has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No-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 reports governmental activities. Governmental activities are the activities where most of the school district's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. The school district does not have any business-like activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

The school district's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the school district's general government operations 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.

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 2010 compared to 2009.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
EAST AMWELL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

TABLE 1
Net Assets

	6/30/2010	6/30/2009	Variance	
			Dollars	Percent
ASSETS				
Current & Other Assets	\$ 973,865	\$ 793,905	\$ 179,960	22.67%
Capital Assets	3,097,506	3,186,060	(88,554)	-2.78%
Total Assets	4,071,371	3,979,965	91,406	2.30%
LIABILITIES				
Long-term Liabilities	1,756,257	1,913,895	(157,638)	-8.24%
Other Liabilities	150,482	104,423	46,059	44.11%
Total Liabilities	1,906,739	2,018,318	(111,579)	-5.53%
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,630,478	1,558,634	71,844	4.61%
Restricted	316,516	216,069	100,447	46.49%
Unrestricted	217,638	186,944	30,694	16.42%
Total Net Assets	\$2,164,632	\$1,961,647	\$ 202,985	10.35%

Total assets increased \$91,406. Cash and cash equivalents increased by \$135,171, receivables and other assets increased by \$44,789 and capital assets decreased by \$88,554. Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the school district increased by \$30,694 due to additional revenues.

Table 2 shows the changes in net assets from fiscal year 2009.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
EAST AMWELL TOWNSHIP

10.4

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

TABLE 2
Changes in Net Assets

	6/30/10	6/30/09	Variance	
			Dollars	Percent
REVENUES				
Program Revenues:				
Charges for Services	\$ 331,756	\$ 327,146	\$ 4,610	1.41%
Operating Grants & Cont	302,954	186,764	116,190	62.21%
General Revenues:				
Property taxes	6,322,072	6,149,330	172,742	2.81%
Unrestricted Grants	1,248,081	1,255,574	(7,493)	-0.60%
Other (net)	<u>34,286</u>	<u>28,137</u>	<u>6,149</u>	21.85%
Total Revenues	<u>8,239,149</u>	<u>7,946,951</u>	<u>292,198</u>	3.68%
PROGRAM EXPENSES				
Instruction:				
Regular	3,599,630	3,353,265	246,365	7.35%
Special	1,209,635	1,184,031	25,604	2.16%
Other	78,198	78,592	(394)	-0.50%
Support Services:				
Tuition	43,250	65,387	(22,137)	-33.86%
Student and Inst Staff	971,995	928,158	43,837	4.72%
General Adm, Bus Adm	560,355	546,919	13,436	2.46%
School Administration	223,234	191,632	31,602	16.49%
Maintenance	682,359	720,339	(37,980)	-5.27%
Transportation	437,161	453,296	(16,135)	-3.56%
Food Services	164,944	161,139	3,805	2.36%
Interest on Long Term Debt	<u>65,403</u>	<u>70,558</u>	<u>(5,155)</u>	-7.31%
Total Expenses	<u>8,036,164</u>	<u>7,753,316</u>	<u>282,848</u>	3.65%
Increase (Dec) in Net Assets	<u>\$ 202,985</u>	<u>\$ 193,635</u>	<u>\$ 9,350</u>	4.83%

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 78.90 percent of revenues for governmental activities for the East Amwell School district for fiscal year 2010.

Instruction comprises 60.81 percent of district expenses. Support services expenses make up 39.14 percent of the expenses. The Statement of Activities shows the cost of program services

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
EAST AMWELL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

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

TABLE 3
Cost of Government Services

	Total Cost of Services		Net Cost of Services	
	6/30/2010	6/30/2009	6/30/2010	6/30/2009
Instruction	\$4,887,463	\$4,615,888	\$4,541,802	\$4,350,246
Support Services:				
Tuition	43,250	65,387	4,000	35,974
Student & Inst. Staff	971,995	928,158	892,762	856,545
Gen & Bus Admin	560,355	546,919	533,598	546,919
School Admin	223,234	191,632	223,234	191,632
Plant Oper & Mtn	682,359	720,339	677,009	714,521
Pupil Transportation	437,161	453,296	437,161	453,296
Food Services	164,944	161,139	26,485	19,715
Interest on Long Term Debt	65,403	70,558	65,403	70,558
Total Expenses	<u>\$8,036,164</u>	<u>\$7,753,316</u>	<u>\$7,401,454</u>	<u>\$7,239,406</u>

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

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

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.

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.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
EAST AMWELL TOWNSHIP

10.6

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

Extracurricular activities include 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.

The dependence upon tax revenues is apparent. For all activities general revenue support is 92.29 percent. The community, as a whole, is the primary support for the East Amwell Township School District.

The School District's Funds

Information about the school district's major funds starts in the section entitled fund financial statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,100,591 and expenditures of \$7,918,151. The net positive change in fund balance for the year was most significant in the General Fund, an increase of \$136,940.

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 cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2010 year, 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.

For the General Fund, budget basis revenue and other financing sources were \$25,390, over original budgeted estimates of \$7,075,805. This difference can be attributed to excess tuition revenue for special needs students brought into the district, additional Pre-K parent paid tuition, unanticipated extraordinary aide and unanticipated continue shared services of the superintendent, which helped to offset a reduction in state aide of \$147,439.

During the school year, lightning destroyed the central media system, SAFARI. The district is in negotiations with the manufacturer to settle the issue of how to make newly installed equipment compatible with the current infrastructure.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

Stimulus funds were used to offset an unanticipated placement of a student in an out-of-district special needs program and technology for special needs and regular students, including a laptop cart and smart boards. Use of this new equipment will be fully implemented in the 2011-12 school year. Also purchased were eight classroom sound systems allowing the district to complete installation of a system in all classrooms.

The cafeteria service is currently managed by a food service company; however, two of the three employees are board paid positions with full benefits. In addition, participation level decreased and major repairs to equipment were required causing the Board to subsidize the cafeteria in the amount of \$25,500 for the school year. One employee retired as of the end of the school year, and we anticipate a significant reduction in the subsidy for next year.

Capital Assets

At the end of the fiscal year 2010 the school district had \$3,097,506 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2010 balances compared to 2009.

TABLE 4
Capital Assets (Net of Depreciation) at June 30,

	2010	2009	Variance	
			Dollars	Percent
Land	\$ 462,026	\$ 462,026	\$ -	0.00%
Land Improvements	83,096	89,198	(6,102)	-6.84%
Bldgs and Improvements	2,476,840	2,579,761	(102,921)	-3.99%
Machinery and Equipment	59,354	55,075	4,279	7.77%
Construction in Progress	16,190		16,190	
Totals	<u>\$3,097,506</u>	<u>\$3,186,060</u>	<u>\$ (88,554)</u>	<u>-2.78%</u>

Overall capital assets decreased \$88,554 from fiscal year 2009 to fiscal year 2010. Increases in capital assets (construction in progress and equipment), were offset by depreciation expenses for the year.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
EAST AMWELL TOWNSHIP

10.8

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

Debt Administration

At June 30, 2010, the school district had \$1,718,097 as outstanding debt. Of this amount \$251,069 is for compensated absences, \$22,028 for fire system lease purchase, and the balance \$1,445,000 for bonds for school construction.

At June 30, 2010, the school district's overall legal debt margin was \$24,679,325 and the unvoted debt margin was \$23,234,325.

TABLE 5
Outstanding Debt at Year End

	<u>6/30/10</u>	<u>6/30/09</u>	<u>Variance</u>	
			<u>Dollars</u>	<u>Percent</u>
2007 Refunding Bonds,	\$1,445,000	\$1,595,000	\$(150,000)	-9.40%
(1998 General Obligation Bonds)	\$1,445,000	\$1,595,000	\$(150,000)	-9.40%

For the Future

The East Amwell Township School District is in very good financial condition. Major concerns, however, continue to be the increased reliance on local property taxes and increasing costs for special education students.

East Amwell Township has successfully passed their school budget vote in seven of the last eight elections. East Amwell Township is primarily a residential community, with very few ratables. The financial burden, therefore, is focused on homeowners.

In conclusion, the East Amwell Township School District has committed itself to financial excellence for many years. In addition, 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 Judy Holladay, School Business Administrator/Board Secretary at East Amwell Township Board of Education, 43 Wertsville Road, Ringoes, NJ 08827 or email at jholladay@eastamwell.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Govern- mental Activities	Business- Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 400,290	\$ 65,810	\$ 466,100
Receivables, Net	144,062	2,115	146,177
Internal Balances	66,796	(66,796)	
Inventory		1,638	1,638
Bond Issuance Costs, Net	43,434		43,434
Restricted Assets:			
Capital Reserve Account-Cash	211,516		211,516
Emergency Reserve Account-Cash	75,000		75,000
Maintenance Reserve Account-Cash	30,000		30,000
Capital Assets, Net (Note 4)	3,097,506		3,097,506
Total Assets	4,068,604	2,767	4,071,371
LIABILITIES			
Accounts Payable	59,468		59,468
Accrued Interest	28,119		28,119
Payable to Governments	3,557		3,557
Deferred Revenue	58,343	995	59,338
Long-Term Liabilities (Note 5):			
Due Within One Year	170,132		170,132
Due Beyond One Year	1,335,056		1,335,056
Compensated Absences Payable	251,069		251,069
Total Liabilities	1,905,744	995	1,906,739
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,630,478		1,630,478
Restricted For:			
Capital Reserve	211,516		211,516
Emergency Reserve	75,000		75,000
Maintenance Reserve	30,000		30,000
Unrestricted	215,866	1,772	217,638
TOTAL NET ASSETS	\$ 2,162,860	\$ 1,772	\$ 2,164,632

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	\$ 400,290				\$ 400,290
Receivables from Other Governments:					
State	46,654				46,654
Federal		\$ 68,842			68,842
Interfund Receivable	79,363				79,363
Other Receivables	28,566				28,566
Restricted Cash & Equivalents	316,516				316,516
TOTAL ASSETS	\$ 871,389	\$ 68,842	\$ -	\$ -	\$ 940,231
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 59,468				\$ 59,468
Interfund Payable		\$ 12,567			12,567
Payables to Governments:					
State		3,557			3,557
Deferred Revenue	5,625	52,718			58,343
Total Liabilities	65,093	68,842	\$ -	\$ -	133,935

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Reserved For:					
Encumbrances	\$ 69,342				\$ 69,342
Capital Reserve Account	211,516				211,516
Emergency Reserve Account	75,000				75,000
Maintenance Reserve Account	30,000				30,000
Excess Surplus	182,162				182,162
Unreserved:					
Designated for Subsequent Year's Expenditures	25,394				25,394
Undesignated	212,882				212,882
Total Fund Balances (Deficit)	<u>\$ 806,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 806,296</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 871,389	\$ 68,842	\$ -	\$ -	\$ 3,097,506

Amounts Reported for Governmental Activities in the Statement of Net Assets

(A-1) are Different Because:

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

	\$ 6,462,111
	<u>3,364,605</u>

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

	3,097,506
	<u>(1,756,257)</u>

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

	(28,119)
--	----------

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

	58,913
	<u>15,479</u>

Total Net Assets of Governmental Activities

	<u>43,434</u>
	<u>\$ 2,162,860</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 6,106,122			\$ 215,950	\$ 6,322,072
Tuition Charges	165,105				165,105
Interest on Investments	5,197				5,197
Miscellaneous	87,854				87,854
Total	\$ 6,364,278	\$ -	\$ -	215,950	6,580,228
State Sources	1,248,081	1,971			1,250,052
Federal Sources		270,311			270,311
Total Revenues	7,612,359	272,282	-	215,950	8,100,591

EXPENDITURES

Current :					
Instructional:					
Regular Instruction	2,616,000	80,830			2,696,830
Special Education Instruction	698,990	99,726			798,716
Other Special Instruction	117,588				117,588
Other Instruction	76,427				76,427
Support Service & Undistributed Costs:					
Tuition	4,000	39,250			43,250
Student & Instruction Related Services	681,437	52,476			733,913
General & Business Administrative Services	433,326				433,326
School Administrative Services	168,036				168,036
Plant Operations & Maintenance	580,969				580,969
Pupil Transportation	437,161				437,161
Unallocated Benefits	1,573,408				1,573,408

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 42,577				\$ 42,577
Debt Service:					
Principal				150,000	150,000
Interest & Other Charges				65,950	65,950
Total Expenditures	<u>7,429,919</u>	<u>\$ 272,282</u>	<u>\$ -</u>	<u>215,950</u>	<u>7,918,151</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>182,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,440</u>
Other Financing Sources (Uses):					
Operating Transfers (Out)	<u>(45,500)</u>				<u>(45,500)</u>
Total Other Financing Sources (Uses)	<u>(45,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,500)</u>
Net Change in Fund Balance	136,940	-	-	-	136,940
Fund Balances, July 1	669,356				669,356
Fund Balances, June 30	<u>\$ 806,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 806,296</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$		136,940
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:			
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:</p>			
Capital Outlays	\$	30,639	
Depreciation Expense		<u>(119,193)</u>	(88,554)
<p>Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:</p>			
Bond Principal Payments		150,000	
Capital Lease Payments		<u>10,398</u>	160,398
<p>In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.</p>			
			2,673
<p>Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:</p>			
Amortization of Bond Premium		4,240	
Amortization of Bond Issuance Costs		<u>(4,826)</u>	(586)
<p>In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>			
			<u>(7,000)</u>
Change in Net Assets of Governmental Activities	\$		<u><u>203,871</u></u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	<u>Food Service Fund</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 65,810
Receivables from Other Governments:	
State	162
Federal	1,953
Inventory	1,638
Total Current Assets	<u>69,563</u>
Noncurrent Assets:	
Capital Assets	16,719
Less: Accumulated Depreciation	<u>(16,719)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>69,563</u>
LIABILITIES	
Current Liabilities:	
Interfund Payable	66,796
Deferred Revenues	995
Total Liabilities	<u>67,791</u>
NET ASSETS	
Unrestricted	<u>1,772</u>
TOTAL NET ASSETS	<u><u>\$ 1,772</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Food Service Fund</u>
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 81,591
Daily Sales-Nonreimbursable Programs	26,196
Total Operating Revenues	<u>107,787</u>
Operating Expenses:	
Cost of Sales	48,357
Salaries	63,963
Employee Benefits	34,250
Purchased Services	1,742
Insurance	2,996
Management Fee	7,473
Office Expense	161
Supplies and Materials	3,956
Repairs and Maintenance	1,956
Miscellaneous	90
Total Operating Expenses	<u>164,944</u>
Operating Income (Loss)	<u>(57,157)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,672
Federal Sources:	
National School Lunch Program	19,637
Food Distribution Program	9,363
Interest Earned on Investments	99
Total Nonoperating Revenues (Expenses)	<u>30,771</u>
Other Financing Sources:	
Operating Transfer In	<u>25,500</u>
Change in Net Assets	(886)
Net Assets, Beginning	<u>2,658</u>
Net Assets, Ending	<u>\$ 1,772</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Food Service Fund
Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ (57,157)
Adjustments to Reconcile Operating Income (Loss) to Cash	
Provided (Used) by Operating Activities:	
Federal Food Distribution Program	9,280
(Increase) Decrease in Inventory	788
Increase (Decrease) in Interfund Payable	4,856
Net Cash Provided by (Used For) Operating Activities	<u>(42,233)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,679
Federal Sources	19,321
Operating Transfer In	25,500
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>46,500</u>
Cash Flows from Investing Activities:	
Interest Earned on Investment	99
Net Cash Flows from Investing Activities:	<u>99</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,366
Cash and Cash Equivalents, July 1, 2009	<u>61,444</u>
Cash and Cash Equivalents, June 30, 2010	<u>\$ 65,810</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010

	Unemployment Compensation Fund	Student Activities Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	\$ 67,070	\$ 25,428	\$ 7,692
TOTAL ASSETS	<u>67,070</u>	<u>\$ 25,428</u>	<u>\$ 7,692</u>
LIABILITIES			
Payroll Deductions & Withholdings Due to Student Groups		\$ 25,428	\$ 7,692
TOTAL LIABILITIES	<u>-</u>	<u>\$ 25,428</u>	<u>\$ 7,692</u>
NET ASSETS			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 67,070</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 2,844
Operating Transfer In	20,000
Investment Earnings-Interest	190
Total Additions	<u>23,034</u>
DEDUCTIONS	
Unemployment Claims	<u>13,849</u>
Change in Net Assets	9,185
Net Assets, Beginning of the Year	<u>57,885</u>
Net Assets, End of the Year	<u><u>\$ 67,070</u></u>

NOTES TO FINANCIAL STATEMENTS

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2010 of 501 students.

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

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

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010
 (Continued)

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

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

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

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

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

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

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

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010
 (Continued)

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

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

Fiduciary Fund Types

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

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

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

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2010 were insignificant.

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

E. Encumbrances

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

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

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

F. Tuition Receivable

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

G. Tuition Payable

Tuition charges for the fiscal years 2009-2010 and 2008-2009 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

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

I. Inventories and Prepaid Items

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

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010
 (Continued)

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

J. Capital Assets

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

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

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

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

K. Compensated Absences

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

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

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

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010
 (Continued)

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

L. Deferred Revenue

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

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

M. Long-Term Obligations

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

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

N. Fund Equity

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

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2010 consists of the following:

Capital Reserve	\$ 211,516
Emergency Reserve	75,000
Maintenance Reserve	<u>30,000</u>
	<u>\$ 316,516</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

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

O. Comparative Data/Reclassifications

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

P. Allocation of Indirect Expenses

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

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

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

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

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

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

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010
 (Continued)

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Deposits at June 30, 2010 appear in the financial statements as summarized below:

Cash		<u>\$ 882,806</u>
	<u>Ref.</u>	
Cash :		
Governmental Funds, Statement of Net Assets	B-1	\$ 716,806
Enterprise Fund, Statement of Net Assets	B-4	65,810
Fiduciary Funds, Statement of Net Assets	B-7	<u>100,190</u>
Total Cash		<u>\$ 882,806</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2010 is \$882,806 and the bank balance is \$1,087,389. Of the bank balance, \$250,000 is covered by federal depository insurance and \$837,389 is insured by GUDPA.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010
 (Continued)

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

Deposit and Investment Risk

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

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

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2010, the district has no investments.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being Depreciated:				
Land	\$ 462,026			\$ 462,026
Construction in Progress		\$ 16,190		16,190
Total	<u>462,026</u>	<u>16,190</u>	<u>\$ -0-</u>	<u>478,216</u>
Capital Assets, Being Depreciated:				
Land Improvements	141,560			141,560
Building & Improvements	4,679,235			4,679,235
Furniture & Equipment	1,207,651	14,449	59,000	1,163,100
Total	<u>6,028,446</u>	<u>14,449</u>	<u>59,000</u>	<u>5,983,895</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Accumulated Depreciation:				
Land Improvements	\$ 52,362	\$ 6,102		\$ 58,464
Building & Improvements	2,099,474	102,921		2,202,395
Furniture & Equipment	1,152,576	10,170	\$ 59,000	1,103,746
Total	<u>3,304,412</u>	<u>119,193</u>	<u>59,000</u>	<u>3,364,605</u>
 Total Capital Assets, Being Depreciated, Net	<u>2,724,034</u>	<u>(104,744)</u>	<u>-0-</u>	<u>2,619,290</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,186,060</u>	<u>\$ (88,554)</u>	<u>\$ -0-</u>	<u>\$ 3,097,506</u>
 Business-Type Activities:				
Furniture & Equipment	\$ 16,719			\$ 16,719
Less: Accum Depreciation	16,719			16,719
Business-Type Activities Capital Assets, Net	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction:	
Regular	\$ 62,487
Special Education	18,507
Other Special Instruction	2,725
Co-Curricular Activities	1,771
Support Services:	
Student & Instruction	17,005
General & Business Admin	10,041
School Administration	3,894
Plant & Maintenance	2,763
Total Depreciation Expense, Governmental Activities	<u>\$ 119,193</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010
 (Continued)

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2010 is as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 1,595,000		\$ 150,000	\$ 1,445,000	\$ 155,000
Obligations Under Capital Leases	32,426		10,398	22,028	10,892
Unamortized Bond Premiums	42,400		4,240	38,160	4,240
Compensated Absences Payable	<u>244,069</u>	<u>\$ 21,048</u>	<u>14,048</u>	<u>251,069</u>	<u>32,553</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,913,895</u>	<u>\$ 21,048</u>	<u>\$ 178,686</u>	<u>\$ 1,756,257</u>	<u>\$ 202,685</u>

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2010 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 155,000	\$ 60,512	\$ 215,512
2012	160,000	54,700	214,700
2013	165,000	48,700	213,700
2014	175,000	42,512	217,512
2015	180,000	35,950	215,950
2016	190,000	27,950	217,950
2017	205,000	18,950	223,950
2018	<u>215,000</u>	<u>10,750</u>	<u>225,750</u>
Total	<u>\$ 1,445,000</u>	<u>\$ 300,024</u>	<u>\$ 1,745,024</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010
 (Continued)

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

General Obligation Bonds – General obligation school building bonds payable at June 30, 2010, with their outstanding balances are comprised of the following individual issues:

\$1,885,000 - 2007 refunding general obligation bonds, due in annual installments of \$150,000 to \$215,000, beginning Jan 15, 2008, through Jan 15, 2018, interest at 3.625% to 5.000%	<u>\$ 1,445,000</u>
---	---------------------

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2010 is \$24,679,325. General obligation debt at June 30, 2009 is \$1,445,000, resulting in a legal debt margin of \$23,234,325.

NOTE 6. PENSION PLANS

Description of Systems

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

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Description of Systems (Cont'd)

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

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

Significant Legislation

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

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

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements

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

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

Year Funding	Post Retirement Benefit Costs	Percentage of APC Contributed
06/30/10	\$ 229,282	100%
06/30/09	210,129	100%
06/30/08	491,205	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/10	\$ 58,495	100%
06/30/09	54,582	100%
06/30/08	32,698	100%

During the year ended June 30, 2010, the State of New Jersey contributed \$217,691 to the TPAF for post-retirement medical benefits and \$11,591 non-contributory insurance premiums for on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$286,530 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010
 (Continued)

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

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2009, the State paid \$116.9 million toward Ch 126 benefits for 13,320 eligible retired members.

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

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

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

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

NOTE 8. DEFERRED COMPENSATION

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

Valic
 The Equitable
 Metropolitan Life
 Great American Life
 Lincoln Investment Planning

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2010
 (Continued)

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The composition of Interfund balances as of June 30, 2010 is as follows:

<u>Fund</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 79,363	
Enterprise Fund		\$ 66,796
Special Revenue Fund		12,567
	<u>\$ 79,363</u>	<u>\$ 79,363</u>

The balance due to the General Fund from the Food Service Enterprise Fund represents payroll and fringe benefits paid by the General Fund and not yet reimbursed. The balance due from the Special Revenue Fund is due to the delayed receipt of grant revenues.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2010 consisted of the following:

Food Supplies	\$ 1,163
	<u>475</u>
	<u>\$ 1,638</u>

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

NOTE 11. CONTINGENT LIABILITIES

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

NOTE 12. RISK MANAGEMENT

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

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

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

<u>Fiscal Year</u>	<u>Board Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ 20,000	\$ 190	\$ 2,844	\$ 13,849	\$ 67,070
2008-2009	-0-	281	7,125	-0-	57,885
2007-2008	-0-	1,145	6,589	4,789	50,479

NOTE 13. LEGAL RESERVE ACCOUNTS

A capital reserve account was established by the District by inclusion of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may deposit funds into the capital reserve at any time upon board resolution through the transfer of undesignated, unreserved general fund balance or of excess undesignated, unreserved general fund balance that is anticipated in the budget certified for taxes. Pursuant to NJAC 6:23A-5.1 (d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District adopted a board resolution in June 2010 to authorize a deposit to their Capital Reserve account of \$60,000, a deposit of \$30,000 to the Maintenance Reserve and a deposit of \$25,000 to the Emergency Reserve.

The following schedules are a summarization of the District's legal reserve accounts:

Capital Reserve Account

<u>Fiscal Year</u>	<u>Return of Capital Funds</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Withdrawals</u>	<u>Ending Balance</u>
2000-2001		\$ 1			\$ 1
2004-2005		50,000		\$ 50,000	1
2005-2006		50,000		50,000	1
2006-2007	\$ 19,327	50,000			69,328
2007-2008			\$ 1,364		70,692
2008-2009		95,000	377		166,069
2009-2010		60,000	447	10,000	216,516

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

NOTE 13. CAPITAL AND OTHER RESERVE ACCOUNT (Cont'd)

Maintenance Reserve Account

Fiscal Year	Return of Unused Withdrawal	District Contribution	Interest Earnings	Withdrawal	Ending Balance
2007-2008		\$ 75,000			\$ 75,000
2008-2009				\$ 75,000	-0-
2009-2010		30,000			30,000

Emergency Reserve Account

Fiscal Year	Return of Unused Withdrawal	District Contribution	Interest Earnings	Withdrawal	Ending Balance
2007-2008		\$ 50,000			\$ 50,000
2009-2010		25,000			75,000

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 P-Fund Equity (Fund Balance) may be reserved or designated. An analysis of the General Fund Balance on June 30, 2010 and 2009 is as follows:

	2010	2009
Reserved:		
Encumbrances-Represents reservation of fund balance for purchase orders which have been issued but goods or services were not received as of June 30	\$ 69,342	\$ 51,200
Capital Reserve Account-Represents funds restricted to capital projects in the Districts Long Range Facilities Plan	211,516	166,069
Maintenance Reserve Account-Represents funds restricted for the required maintenance of a school facility	30,000	
Emergency Reserve Account-Represents funds restricted to finance unanticipated general fund expenditures required for a thorough and efficient education	75,000	50,000
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with State Statute the excess surplus is designated for utilization in succeeding years budgets	90,089	92,073
Excess Surplus-Designated for Subsequent Year's Expenditures-represents amount appropriated in the succeeding year's budget to reduce tax requirements	92,073	106,452
Designated Surplus-Designated for Subsequent Year's Expenditures-represents amount appropriated in the succeeding year's budget to reduce tax requirements	25,394	27,292
Undesignated-Represents fund balance which has not been reserved or designated	<u>296,654</u>	<u>255,394</u>
Total Fund Balance	<u>\$ 890,068</u>	<u>\$ 748,480</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010
(Continued)

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 is \$90,089.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 6,106,122		\$ 6,106,122	\$ 6,106,122	
Tuition-Other LEAs	82,000		82,000	117,705	\$ 35,705
Tuition-Individuals				47,400	47,400
Interest on Investments				4,750	4,750
Interest on Capital Reserve Funds	700		700	447	(253)
Miscellaneous	49,281		49,281	87,854	38,573
Total	6,238,103	\$ -	6,238,103	6,364,278	126,175
State Sources:					
Categorical Special Education Aid	270,692		270,692	270,692	
Categorical Security Aid	36,329		36,329	36,329	
Adjustment Aid	344,499	(120,575)	223,924	223,924	
Categorical Transportation Aid	186,182	(26,864)	159,318	159,318	
Non Public Transportation Aid				4,651	4,651
Extraordinary Special Education Costs Aid				42,003	42,003
On-Behalf TPAF Payments				229,282	229,282
Reimbursed TPAF Social Security Contribution				286,530	286,530
Total	837,702	(147,439)	690,263	1,252,729	562,466
TOTAL REVENUES	\$ 7,075,805	\$ (147,439)	\$ 6,928,366	\$ 7,617,007	\$ 688,641
EXPENDITURES					
Current:					
Regular Programs:					
Instruction-Salaries of Teachers:					
Preschool	\$ 35,933		\$ 35,933	\$ 35,932	\$ 1
Kindergarten	186,000	\$ (1,400)	184,600	184,595	5
Grades 1-5	1,208,395	7,034	1,215,429	1,215,041	388
Grades 6-8	909,025	2,466	911,491	911,491	
Home Instruction:					
Salaries of Teachers	1,150	(1,100)	50		50
Other Purchased Services	150		150		150
Undistributed Instruction:					
Other Salaries for Instruction	26,000		26,000	25,986	14
Purchased Professional Educational Services	500		500		500
Purchased Technical Services	39,500	(5,700)	33,800	33,717	83
Other Purchased Services	67,360	(4,500)	62,860	62,765	95
General Supplies	128,662	48,600	177,262	127,592	49,670
Textbooks	11,384	(2,628)	8,756	8,376	380
Other Objects	8,000	2,600	10,600	10,505	95
Total	2,622,059	45,372	2,667,431	2,616,000	51,431
Special Education:					
Learning and/or Language Disabilities:					
Salaries of Teachers	69,325	120	69,445	69,444	1
Other Purchased Services	100		100		100
General Supplies	5,030	880	5,910	5,895	15
Other Objects	500	(380)	120		120
Total	74,955	620	75,575	75,339	236
Auditory Impairments:					
Salaries of Teachers	53,095	1,260	54,355	54,355	
General Supplies	1,200	6,566	7,766	7,734	32
Total	54,295	7,826	62,121	62,089	32

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Special Education:					
Resource Room/Center:					
Salaries of Teachers	\$ 434,662	\$ 17,401	\$ 452,063	\$ 451,135	\$ 928
Other Salaries for Instruction	57,034	(23,147)	33,887	33,791	96
Other Purchased Services	500	(500)			
General Supplies	4,620	754	5,374	5,374	
Textbooks		892	892	868	24
Other Objects	933	(933)			
Total	497,749	(5,533)	492,216	491,168	1,048
Preschool Disabilities-Part-Time:					
Salaries of Teachers	81,800	(81,800)			
Other Salaries for Instruction	49,547	(49,547)			
Purchased Professional Educational Services	2,000	(2,000)			
General Supplies	1,195	(1,195)			
Total	134,542	(134,542)	-	-	-
Preschool Disabilities-Full-Time:					
Salaries of Teachers		61,860	61,860	61,808	52
Other Salaries for Instruction		7,366	7,366	6,703	663
Purchased Professional Educational Services		1,000	1,000	917	83
General Supplies		1,295	1,295	966	329
Total	-	71,521	71,521	70,394	1,127
Total Special Education	761,541	(60,108)	701,433	698,990	2,443
Basic Skills for Remedial:					
Salaries of Teachers	114,975	2,183	117,158	117,158	
Other Purchased Services	150		150		150
General Supplies	346	100	446	430	16
Total	115,471	2,283	117,754	117,588	166
School Sponsored Cocurricular Activities:					
Salaries	34,000	(1,838)	32,162	32,162	
Other Purchased Services	500	(500)			
General Supplies	1,250	72	1,322	1,322	
Other Objects	500	(234)	266	259	7
Total	36,250	(2,500)	33,750	33,743	7
School Sponsored Athletics:					
Salaries	37,850		37,850	37,777	73
Other Purchased Services	5,000	(2,150)	2,850	2,850	
General Supplies	6,000	(4,540)	1,460	1,417	43
Other Objects	500	140	640	640	
Total	49,350	(6,550)	42,800	42,684	116
Total Instruction Regular	\$ 3,584,671	\$ (21,503)	\$ 3,563,168	\$ 3,509,005	\$ 54,163
Undistributed Expenditures:					
Instruction Tuition:					
Private Schools for the Handicapped					
Outside State		\$ 4,000	\$ 4,000	\$ 4,000	
Total	\$ -	4,000	4,000	4,000	\$ -

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Health Services:					
Salaries	\$ 67,450	\$ 3,563	\$ 71,013	\$ 71,013	
Purchased Professional and Technical Services	6,000	(1,928)	4,072	4,072	
Other Purchased Services	400	1,065	1,465	1,465	
General Supplies	2,800	(1,065)	1,735	1,735	
Other Objects	600	(40)	560	560	
Total	<u>77,250</u>	<u>1,595</u>	<u>78,845</u>	<u>78,845</u>	<u>\$ -</u>
Speech, OT, PT and Related Services					
Salaries	72,712	9,947	82,659	82,487	172
Purchased Professional-Educational Services	66,000	(28,235)	37,765	37,428	337
Supplies and Materials	1,252	250	1,502	1,429	73
Other Objects	700	(350)	350		350
Total	<u>140,664</u>	<u>(18,388)</u>	<u>122,276</u>	<u>121,344</u>	<u>932</u>
Other Support Services-Students-Extra. Serv.:					
Salaries	10,000	(4,200)	5,800	5,432	368
Purchased Professional-Educational Services		680	680	680	
Supplies and Materials	3,500	45	3,545	2,706	839
Total	<u>13,500</u>	<u>(3,475)</u>	<u>10,025</u>	<u>8,818</u>	<u>1,207</u>
Guidance					
Salaries of Other Professional Staff	58,935		58,935	58,935	
Other Purchased Services	150		150	75	75
Supplies and Materials	10,157	(2,475)	7,682	4,183	3,499
Other Objects	200		200		200
Total	<u>69,442</u>	<u>(2,475)</u>	<u>66,967</u>	<u>63,193</u>	<u>3,774</u>
Child Study Team					
Salaries of Other Professional Staff	187,854		187,854	185,850	2,004
Salaries of Secretarial & Clerical Assistants	40,484	(5,229)	35,255	34,597	658
Purchased Professional-Educational Services	1,500	(542)	958	752	206
Other Purchased Prof. and Tech. Services	1,500	6,051	7,551	7,142	409
Miscellaneous Purchased Services	7,481	(6,616)	865	248	617
Supplies and Materials	2,750	(1,900)	850	828	22
Other Objects	1,500	(1,500)			
Total	<u>243,069</u>	<u>(9,736)</u>	<u>233,333</u>	<u>229,417</u>	<u>3,916</u>
Improvement of Instructional Services:					
Salaries of Other Professional Staff	9,180	(5,000)	4,180	3,092	1,088
Other Salaries	85,716	(3,900)	81,816	79,746	2,070
Other Purchased Services	3,585	100	3,685	3,240	445
Supplies and Materials	1,121	(100)	1,021	593	428
Other Objects	2,500		2,500	1,701	799
Total	<u>102,102</u>	<u>(8,900)</u>	<u>93,202</u>	<u>88,372</u>	<u>4,830</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

EXPENDITURES (Cont'd)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current: (cont'd)					
Educational Media Service for School Library:					
Salaries	\$ 65,769	\$ (2,000)	\$ 63,769	\$ 63,676	\$ 93
Salaries of Technology Coordinators	5,100		5,100	5,100	
Purchased Professional and Technical Services	500	250	750	565	185
Other Purchased Services	1,850	(1,700)	150		150
Supplies and Materials	9,900	2,450	12,350	12,230	120
Other Objects	100		100		100
Total	<u>83,219</u>	<u>(1,000)</u>	<u>82,219</u>	<u>81,571</u>	<u>648</u>
Instructional Staff Training Services:					
Salaries of Other Professional Staff	550		550		550
Purchased Professional-Educational Services	500		500		500
Other Purchased Services	17,000	(7,510)	9,490	9,329	161
Supplies and Materials	500		500	440	60
Other Objects	1,000		1,000	108	892
Total	<u>19,550</u>	<u>(7,510)</u>	<u>12,040</u>	<u>9,877</u>	<u>2,163</u>
Support Services-General Administration:					
Salaries	205,105		205,105	204,110	995
Legal Services	22,000	(1,890)	20,110	16,595	3,515
Audit Fees	14,000	(225)	13,775	13,775	
Architectural/Engineering Services	5,500	9,565	15,065	15,056	9
Other Purchased Professional Services	875		875		875
Purchased Technical Services	2,085	804	2,889	2,540	349
Communications & Telephone	19,500	(3,000)	16,500	16,400	100
Bd of Education Other Purchased Services	4,500	4,299	8,799	6,513	2,286
Other Purchased Services	21,500	(4,500)	17,000	14,857	2,143
General Supplies	4,000	333	4,333	2,534	1,799
Miscellaneous Expenditures	3,850		3,850	175	3,675
Bd of Education Membership Dues & Fees	6,300		6,300	5,112	1,188
Total	<u>309,215</u>	<u>5,386</u>	<u>314,601</u>	<u>297,667</u>	<u>16,934</u>
Support Services-School Administration:					
Salaries of Principals & Assistant Principals	109,725		109,725	109,725	
Salaries of Secretarial & Clerical Assistants	51,301		51,301	50,345	956
Other Purchased Services	5,085	201	5,286	4,349	937
General Supplies	1,500	3,065	4,565	2,183	2,382
Other Objects	1,500	(65)	1,435	1,434	1
Total	<u>169,111</u>	<u>3,201</u>	<u>172,312</u>	<u>168,036</u>	<u>4,276</u>
Central Services:					
Salaries	127,500		127,500	127,043	457
Purchased Professional Services	2,000	(1,000)	1,000	212	788
Purchased Technical Services	1,000	(201)	799	205	594
Miscellaneous Purchased Services	1,500	201	1,701	824	877
General Supplies	2,000	(302)	1,698	1,573	125
Miscellaneous Expenditures	2,000	(198)	1,802	1,802	
Total	<u>136,000</u>	<u>(1,500)</u>	<u>134,500</u>	<u>131,659</u>	<u>2,841</u>
Administrative Info Technical Services:					
Purchased Professional Services	2,500	1,500	4,000	4,000	
Total	<u>2,500</u>	<u>1,500</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Required Maintenance for School Facilities:					
Cleaning, Repair & Maintenance Services	\$ 57,900	\$ 2,989	\$ 60,889	\$ 55,860	\$ 5,029
General Supplies	4,000	(39)	3,961	2,093	1,868
Total	61,900	2,950	64,850	57,953	6,897
Custodial Services:					
Salaries	215,718	(11,000)	204,718	204,633	85
Purchased Professional and Technical Serv.	13,560		13,560	11,757	1,803
Cleaning, Repair & Maintenance Services	21,200	2,300	23,500	23,024	476
Insurance	30,000		30,000	28,152	1,848
Miscellaneous Purchased Services	500		500	350	150
General Supplies	37,500	(929)	36,571	31,437	5,134
Energy (Electricity)	119,646	(5,000)	114,646	100,147	14,499
Energy (Natural Gas)	66,418	(16,000)	50,418	40,845	9,573
Other Objects	2,200		2,200	2,050	150
Total	506,742	(30,629)	476,113	442,395	33,718
Care & Upkeep of Grounds:					
Salaries	65,523		65,523	65,523	
Purchased Professional and Technical Services	7,000		7,000	6,830	170
Cleaning, Repair, and Maintenance Services	3,000	(1,000)	2,000	1,947	53
General Supplies	7,900	(4,000)	3,900	3,243	657
Total	83,423	(5,000)	78,423	77,543	880
Security:					
Purchased Professional and Technical Services	4,500	(1,000)	3,500	3,078	422
Student Transportation Services:					
Contracted Serv. (Oth. than Bet Home&Sch)-Vend	35,000	(8,000)	27,000	26,875	125
Contracted Serv. (Btw. Home & Sch)-Joint Agrmnts	345,818	(25,000)	320,818	320,273	545
Contracted Serv. (Sp Ed Students)-Joint Agrmnts	47,437	16,000	63,437	63,203	234
Contracted Serv.-AIL Payments-Non Public	27,000		27,000	26,810	190
Total	455,255	(17,000)	438,255	437,161	1,094
Unallocated Benefits-Employee Benefits:					
Social Security Contributions	80,000	(5,619)	74,381	70,316	4,065
Other Retirement Contributions-Regular	56,546	2,000	58,546	58,495	51
Unemployment Compensation		15,000	15,000		15,000
Workmen's Compensation	47,600	(11,125)	36,475	35,881	594
Health Benefits	842,550	4,100	846,650	846,562	88
Tuition Reimbursement	40,000	(4,111)	35,889	30,956	4,933
Other Employee Benefits	26,000	(10,500)	15,500	15,386	114
Total	1,092,696	(10,255)	1,082,441	1,057,596	24,845
Food Services:					
Transfers to Cover Deficit (Enterprise Fund)	22,000	(22,000)	-	-	-
On-Behalf TPAF Payments				229,282	(229,282)
Reimbursement TPAF Social Security Contribution				286,530	(286,530)
Total	-	-	-	515,812	(515,812)

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Total Undistributed Expenditures	\$ 3,592,138	\$ (120,236)	\$ 3,471,902	\$ 3,878,337	\$ (406,435)
TOTAL CURRENT	\$ 7,176,809	\$ (141,739)	\$ 7,035,070	\$ 7,387,342	\$ (352,272)
CAPITAL OUTLAY					
Equipment:					
Grades 1-5	\$ 5,000	\$ (5,000)			
Grades 6-8	8,100	(590)	\$ 7,510	\$ 7,349	\$ 161
Required Maint for School Fac.	11,940		11,940	11,938	2
Care and Upkeep of Grounds	7,000	100	7,100	7,100	
Total	32,040	(5,490)	26,550	26,387	163
Facilities Acquisition & Construction Services:					
Purchased Professional & Technical Services		16,190	16,190	16,190	
Total	-	16,190	16,190	16,190	-
TOTAL CAPITAL OUTLAY	\$ 32,040	\$ 10,700	\$ 42,740	\$ 42,577	\$ 163
TOTAL EXPENDITURES	\$ 7,208,849	\$ (131,039)	\$ 7,077,810	\$ 7,429,919	\$ (352,109)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (133,044)	\$ (16,400)	\$ (149,444)	\$ 187,088	\$ 336,532
Other Financing Sources (Uses):					
Operating Transfers Out-Food Service Fund		(25,500)	(25,500)	(25,500)	
Operating Transfers Out-Unemployment Fund		(20,000)	(20,000)	(20,000)	
Total Other Financing Sources (Uses)	-	(45,500)	(45,500)	(45,500)	-
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(133,044)	(61,900)	(194,944)	141,588	336,532
Fund Balances, July 1	748,480		748,480	748,480	264,044
Fund Balances, June 30	\$ 615,436	\$ (61,900)	\$ 553,536	\$ 890,068	\$ 600,576
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances		\$ (51,200)	\$ (51,200)	\$ (51,200)	
Increase (Decrease) in Capital Reserve	\$ 700	50,000	50,700	50,447	\$ (253)
Increase (Decrease) in Maintenance Reserve		30,000	30,000	30,000	
Increase (Decrease) in Emergency Reserve		25,000	25,000	25,000	
Budgeted Fund Balance	(133,744)	(115,700)	(249,444)	87,341	336,785
TOTAL	\$ (133,044)	\$ (61,900)	\$ (194,944)	\$ 141,588	\$ 336,532

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

RECAPITULATION OF FUND BALANCE

Reserved:

Reserve for Encumbrances	\$	69,342	
Capital Reserve		211,516	
Emergency Reserve		75,000	
Maintenance Reserve		30,000	
Excess Surplus:			
Prior Year - Designated for 2010-2011 Budget		92,073	
Current Year - Designated for 2011-2012 Budget		90,089	
		<u>568,020</u>	

Unreserved:

Designated for Subsequent Year's Expenditures	\$	25,394	
Undesignated - Free		<u>296,654</u>	
		<u>322,048</u>	
		890,068	

Reconciliation to Governmental Statements (GAAP):

Last State Aid Payment not Recognized on GAAP Basis		<u>(83,772)</u>	
---	--	-----------------	--

Fund Balance Per Governmental Funds (GAAP)

\$ 806,296

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(NOT APPLICABLE TO THIS REPORT)

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
AMERICAN RECOVERY AND REINVESTMENT ACT-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

(NOT APPLICABLE TO THIS REPORT)

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
State Sources	\$ 275,296	\$ 2,324	\$ 2,324	\$ 1,971	\$ (353)
Federal Sources		47,380	322,676	270,311	(52,365)
TOTAL REVENUES	<u>\$ 275,296</u>	<u>\$ 49,704</u>	<u>\$ 325,000</u>	<u>\$ 272,282</u>	<u>\$ (52,718)</u>
EXPENDITURES					
Instruction:					
Salaries for Teachers	\$ 76,302	\$ 39,872	\$ 116,174	\$ 71,597	\$ 44,577
Other Salaries	97,226		97,226	97,226	
General Supplies	2,814	8,182	10,996	10,643	353
Other Objects	1,090		1,090	1,090	
Totals	<u>177,432</u>	<u>48,054</u>	<u>225,486</u>	<u>180,556</u>	<u>44,930</u>
Support Services:					
Salaries of Other Professional Staff	25,159		25,159	25,159	
Personal Services-Employee Benefits	11,630		11,630	11,630	
Purchased Professional & Technical Services	6,235		6,235	6,235	
Tuition	39,250		39,250	39,250	
Other Purchased Services	9,126	(2,940)	6,186	1,089	5,097
Supplies	3,189	5,781	8,970	7,054	1,916
Other Objects	3,275	(1,191)	2,084	1,309	775
Total	<u>97,864</u>	<u>1,650</u>	<u>99,514</u>	<u>91,726</u>	<u>7,788</u>
TOTAL EXPENDITURES	<u>\$ 275,296</u>	<u>\$ 49,704</u>	<u>\$ 325,000</u>	<u>\$ 272,282</u>	<u>\$ 52,718</u>

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 7,617,007	\$ 272,282
Difference-Budget to GAAP:		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	79,124	
State Aid Receivable Current Year	<u>(83,772)</u>	
Total Revenues (GAAP Basis)	<u>\$ 7,612,359</u>	<u>\$ 272,282</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 7,429,919</u>	<u>\$ 272,282</u>
Total Expenditures (GAAP Basis)	<u>\$ 7,429,919</u>	<u>\$ 272,282</u>

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ARRA IDEA Basic	ARRA IDEA PreSchool	IDEA Basic	IDEA PreSchool	NCLB I	NCLB IIA, IID, IV	REAP	NJ Character Education	Total 2010
REVENUES									
State Sources	\$ 99,058	\$ 3,584	\$ 98,456	\$ 6,208	\$ 7,324	\$ 7,865	\$ 47,816	\$ 1,971	\$ 1,971
Federal Sources	\$ 99,058	\$ 3,584	\$ 98,456	\$ 6,208	\$ 7,324	\$ 7,865	\$ 47,816	\$ 1,971	\$ 270,311
TOTAL REVENUES									
	\$ 27,139		\$ 91,459	\$ 5,767		\$ 2,500	\$ 41,958		\$ 71,597
EXPENDITURES									
Instruction:									
Salaries of Teachers	325	\$ 2,489					5,858	\$ 1,971	\$ 97,226
Other Salaries	1,090								10,643
General Supplies									1,090
Other Objects									
Totals	28,554	2,489	91,459	5,767	\$ -	2,500	47,816	1,971	180,556
Support Services:									
Salaries of Other Professional Staff	25,159								25,159
Personal Services-Employee Benefits	4,001		6,997	441		191			11,630
Purchased Professional & Technical Services					6,235				6,235
Tuition	39,250								39,250
Other Purchased Services	2,094	1,095			1,089				1,089
Supplies						3,865			7,054
Other Objects						1,309			1,309
Total	70,504	1,095	6,997	441	7,324	5,365	-	-	91,726
TOTAL EXPENDITURES	\$ 99,058	\$ 3,584	\$ 98,456	\$ 6,208	\$ 7,324	\$ 7,865	\$ 47,816	\$ 1,971	\$ 272,282

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

(NOT APPLICABLE TO THIS REPORT)

PROPRIETARY FUND

DETAIL STATEMENTS

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
FOOD SERVICE ENTERPRISE FUND
JUNE 30, 2010

	<u>Food Service Fund</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 65,810
Receivables from Other Governments:	
State	162
Federal	1,953
Inventory	1,638
Total Current Assets	<u>69,563</u>
Noncurrent Assets:	
Capital Assets	16,719
Less: Accumulated Depreciation	<u>(16,719)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>69,563</u>
LIABILITIES	
Current Liabilities:	
Interfund Payable	66,796
Deferred Revenues	995
Total Liabilities	<u>67,791</u>
NET ASSETS	
Unrestricted	<u>1,772</u>
TOTAL NET ASSETS	<u><u>\$ 1,772</u></u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 81,591
Daily Sales-Nonreimbursable Programs	26,196
Total Operating Revenues	107,787
Operating Expenses:	
Cost of Sales	48,357
Salaries	63,963
Employee Benefits	34,250
Purchased Services	1,742
Insurance	2,996
Management Fee	7,473
Office Expense	161
Supplies and Materials	3,956
Repairs and Maintenance	1,956
Miscellaneous	90
Total Operating Expenses	164,944
Operating Income (Loss)	(57,157)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,672
Federal Sources:	
National School Lunch Program	19,637
Food Distribution Program	9,363
Interest Earned on Investments	99
Total Nonoperating Revenues (Expenses)	30,771
Other Financing Sources:	
Operating Transfer In	25,500
Change in Net Assets	(886)
Net Assets, Beginning	2,658
Net Assets, Ending	\$ 1,772

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND CASH FLOWS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Food Service Fund</u>
Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ (57,157)
Adjustments to Reconcile Operating Income (Loss) to Cash	
Provided (Used) by Operating Activities:	
Federal Food Distribution Program	9,280
(Increase) Decrease in Inventory	788
Increase (Decrease) in Interfund Payable	<u>4,856</u>
Net Cash Provided by (Used For) Operating Activities	<u>(42,233)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,679
Federal Sources	19,321
Operating Transfer In	<u>25,500</u>
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>46,500</u>
Cash Flows from Investing Activities:	
Interest Earned on Investment	<u>99</u>
Net Cash Flows from Investing Activities:	<u>99</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,366
Cash and Cash Equivalents, July 1, 2009	<u>61,444</u>
Cash and Cash Equivalents, June 30, 2010	<u>\$ 65,810</u>

FIDUCIARY FUND
DETAIL STATEMENTS

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS
JUNE 30, 2010

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
ASSETS				
Cash & Cash Equivalents	\$ 67,070	\$ 25,428	\$ 7,692	\$ 100,190
Total Assets	<u>67,070</u>	<u>25,428</u>	<u>7,692</u>	<u>100,190</u>
LIABILITIES				
Payroll Deductions & Withholdings Due to Student Groups		25,428	7,692	7,692 25,428
Total Liabilities	<u>-</u>	<u>25,428</u>	<u>7,692</u>	<u>33,120</u>
NET ASSETS				
Held in Trust for Unemployment Claims & Other Purposes	<u>67,070</u>			
TOTAL NET ASSETS	<u>\$ 67,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,070</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 2,844
Operating Transfer In	20,000
Investment Earnings-Interest	190
Total Additions	<u>23,034</u>
DEDUCTIONS	
Unemployment Claims	<u>13,849</u>
Change in Net Assets	9,185
Net Assets, Beginning of the Year	<u>57,885</u>
Net Assets, End of the Year	<u><u>\$ 67,070</u></u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Balance 07/01/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/10</u>
ASSETS				
Cash & Cash Equivalents	\$ 20,619	\$ 70,905	\$ 66,096	\$ 25,428
TOTAL ASSETS	<u>\$ 20,619</u>	<u>\$ 70,905</u>	<u>\$ 66,096</u>	<u>\$ 25,428</u>
LIABILITIES				
Student Activities	\$ 18,508	\$ 70,899	\$ 66,096	\$ 23,311
Hammer Trust	2,111	6		2,117
TOTAL LIABILITIES	<u>\$ 20,619</u>	<u>\$ 70,905</u>	<u>\$ 66,096</u>	<u>\$ 25,428</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance 07/01/09	Additions	Deletions	Balance 06/30/10
ASSETS				
Cash & Cash Equivalents	\$ 30,786	\$ 5,352,100	\$ 5,375,194	\$ 7,692
TOTAL ASSETS	<u>\$ 30,786</u>	<u>\$ 5,352,100</u>	<u>\$ 5,375,194</u>	<u>\$ 7,692</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 30,786	\$ 2,201,869	\$ 2,224,971	\$ 7,684
Net Payroll		<u>3,150,231</u>	<u>3,150,223</u>	<u>8</u>
TOTAL LIABILITIES	<u>\$ 30,786</u>	<u>\$ 5,352,100</u>	<u>\$ 5,375,194</u>	<u>\$ 7,692</u>

LONG-TERM DEBT SCHEDULES

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 GENERAL LONG-TERM DEBT ACCOUNT GROUP
 SCHEDULE OF SERIAL BONDS
 JUNE 30, 2010

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/2009	Issued	Retired	Balance 6/30/2010
			Date	Amount					
2007 Refunding	4/17/2007	\$ 1,845,000	1/15/2011	\$ 155,000	3.750%				
			1/15/2012	160,000	3.750%				
			1/15/2013	165,000	3.750%				
			1/15/2014	175,000	3.750%				
			1/15/2015	180,000	3.750%				
			1/15/2016	190,000	3.750%				
			1/15/2017	205,000	4.000%				
				1/15/2018	215,000	5.000%	\$ 1,595,000	\$ 150,000	\$ 1,445,000
						<u>\$ 1,595,000</u>	<u>\$ -</u>	<u>\$ 1,445,000</u>	

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 215,950		\$ 215,950	\$ 215,950	
Total Revenues	<u>215,950</u>	<u>\$ -</u>	<u>215,950</u>	<u>215,950</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Interest on Bonds	65,950		65,950	65,950	
Redemption of Bond Principal	150,000		150,000	150,000	
Total Expenditures	<u>215,950</u>	<u>-</u>	<u>215,950</u>	<u>215,950</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 JUNE 30, 2010

	Interest Rate	Amount of		Balance 7/1/2009	Issued Current Year	Retired Current Year	Balance 6/30/2010
		Original Issue					
Fire Alarm System	4.75%	\$ 107,426	\$	<u>32,426</u>	\$ -	\$ 10,398	<u>\$ 22,028</u>

STATISTICAL SECTION

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES**

CONTENTS	PAGE
FINANCIAL TRENDS	
These Schedules Contain Trend Information to Help the Reader Understand how the District's Financial Performance and Well Being have Changed Over Time.	J-1 to J-5
REVENUE CAPACITY	
These Schedules Contain Trend Information to Help the Reader Assess the District's most Significant Local Revenue Sources, the Property Tax.	J-6 to J-9
DEBT CAPACITY	
These Schedules Contain Trend Information to Help the Reader Assess the Affordability of the District's Current Levels of Outstanding Debt and the District's Ability to Issue Additional Debt in the Future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These Schedules Offer Demographic and Economic Indicators to Help the Reader Understand the Environment Within Which the District's Financial Activities Take Place.	J-14 to J-15
OPERATING INFORMATION	
These Schedules Contain Service and Infrastructure Data to Help the Reader Understand how the Information in the District's Financial Report Relates to the Services the District Provides and the Activities it Performs.	J-16 to J-20

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 NET ASSETS BY COMPONENT
 LAST SEVEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
GOVERNMENT ACTIVITIES							
Invested in Capital Assets, Net of Related Debt	\$ 867,889	\$ 1,002,904	\$ 1,117,647	\$ 1,343,485	\$ 1,415,605	\$ 1,558,634	\$ 1,630,478
Restricted	82,061	1	1	69,328	204,684	216,069	316,516
Unrestricted	172,479	26,138	131,463	2,728	145,987	184,286	215,866
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$ 1,122,429	\$ 1,029,043	\$ 1,249,111	\$ 1,415,541	\$ 1,766,276	\$ 1,958,989	\$ 2,162,860
BUSINESS-TYPE ACTIVITIES							
Invested in Capital Assets, Net of Related Debt	\$ 1,742	\$ 1,193	\$ 752	\$ 311			
Unrestricted	4,261	4,825	7,902	2,322	1,736	2,658	1,772
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 6,003	\$ 6,018	\$ 8,654	\$ 2,633	\$ 1,736	\$ 2,658	\$ 1,772
DISTRICT-WIDE							
Invested in Capital Assets, Net of Related Debt	\$ 869,631	\$ 1,004,097	\$ 1,118,399	\$ 1,343,796	\$ 1,415,605	\$ 1,558,634	\$ 1,630,478
Restricted	82,061	1	1	69,328	204,684	216,069	316,516
Unrestricted	176,740	30,963	139,365	5,050	147,723	186,944	217,638
TOTAL DISTRICT-WIDE	\$ 1,128,432	\$ 1,035,061	\$ 1,257,765	\$ 1,418,174	\$ 1,768,012	\$ 1,961,647	\$ 2,164,632

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30						
	2004	2005	2006	2007	2008	2009	2010
EXPENSES							
Governmental Activities:							
Instruction:							
Regular	\$ 2,752,061	\$ 2,968,708	\$ 3,197,513	\$ 3,357,920	\$ 3,488,678	\$ 3,353,265	\$ 3,599,630
Special Education	588,572	639,373	738,644	797,610	898,314	1,013,353	1,022,559
Other Special Education	63,191	201,565	147,883	114,465	141,161	170,678	187,076
Other Instruction	68,490	53,957	59,366	70,453	76,454	78,592	78,198
Support Services:							
Tuition	162,376	65,974	43,068	91,597	60,719	65,387	43,250
Student & Instruction Related Services	725,274	787,845	815,158	895,843	916,512	928,158	971,995
General & Business Administrative Services	515,204	528,010	540,790	659,019	538,886	546,919	560,355
School Administration Services	217,883	167,297	178,750	202,483	192,146	191,632	223,234
Plant Operations & Maintenance	559,506	550,598	558,139	657,183	634,316	720,339	682,359
Pupil Transportation	392,205	385,280	403,638	439,639	454,186	453,296	437,161
Interest on Long-Term Debt	114,705	113,500	107,491	98,027	77,789	70,558	65,403
Total Governmental Activities Expenses	<u>6,159,467</u>	<u>6,462,107</u>	<u>6,790,440</u>	<u>7,384,239</u>	<u>7,479,161</u>	<u>7,592,177</u>	<u>7,871,220</u>
Business-Type Activities:							
Food Services	149,218	149,538	159,912	157,766	161,116	161,139	164,944
Total Business-Type Activities	<u>149,218</u>	<u>149,538</u>	<u>159,912</u>	<u>157,766</u>	<u>161,116</u>	<u>161,139</u>	<u>164,944</u>
TOTAL DISTRICT EXPENSES	<u>\$ 6,308,685</u>	<u>\$ 6,611,645</u>	<u>\$ 6,950,352</u>	<u>\$ 7,542,005</u>	<u>\$ 7,640,277</u>	<u>\$ 7,753,316</u>	<u>\$ 8,036,164</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
PROGRAM REVENUES							
Governmental Activities:							
Operating Grants & Contributions	\$ 143,937	\$ 174,278	\$ 155,160	\$ 204,885	\$ 153,415	\$ 161,014	\$ 272,282
Total Governmental Activities Program Revenues	<u>143,937</u>	<u>174,278</u>	<u>155,160</u>	<u>204,885</u>	<u>153,415</u>	<u>161,014</u>	<u>272,282</u>
Business-Type Activities:							
Charges for Services:							
Food Service	90,568	91,570	118,362	116,428	118,820	115,674	107,787
Operating Grants & Contributions	18,542	19,450	24,771	22,886	22,279	25,750	30,672
Total Business-Type Activities Program Revenues	<u>109,110</u>	<u>111,020</u>	<u>143,133</u>	<u>139,314</u>	<u>141,099</u>	<u>141,424</u>	<u>138,459</u>
TOTAL DISTRICT-PROGRAM REVENUES	<u>\$ 253,047</u>	<u>\$ 285,298</u>	<u>\$ 298,293</u>	<u>\$ 344,199</u>	<u>\$ 294,514</u>	<u>\$ 302,438</u>	<u>\$ 410,741</u>
NET (EXPENSE) REVENUES							
Governmental Activities	\$ (6,015,530)	\$ (6,287,829)	\$ (6,635,280)	\$ (7,179,354)	\$ (7,325,746)	\$ (7,431,163)	\$ (7,598,938)
Business-Type Activities	<u>(40,108)</u>	<u>(38,518)</u>	<u>(16,779)</u>	<u>(18,452)</u>	<u>(20,017)</u>	<u>(19,715)</u>	<u>(26,485)</u>
TOTAL DISTRICT-WIDE NET EXPENSES	<u>\$ (6,055,638)</u>	<u>\$ (6,326,347)</u>	<u>\$ (6,652,059)</u>	<u>\$ (7,197,806)</u>	<u>\$ (7,345,763)</u>	<u>\$ (7,450,878)</u>	<u>\$ (7,625,423)</u>
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS							
Governmental Activities:							
Property Taxes Levied for General Purposes	\$ 4,419,746	\$ 4,776,558	\$ 5,159,288	\$ 5,428,320	\$ 5,645,453	\$ 5,871,271	\$ 6,106,122
Property Taxes Levied for Debt Service	300,005	217,800	297,410	296,679	294,709	278,059	215,950
Unrestricted Grants & Contributions	1,148,587	1,236,607	1,302,524	1,536,919	1,567,611	1,255,574	1,248,081
Tuition Income	36,294	16,661	27,266	34,600	103,141	154,310	165,105
Investment Earnings	14,023	15,963	39,282	55,076	39,032	12,262	5,197
Miscellaneous Income	21,210	16,912	16,218	11,435	45,035	72,900	87,854
Operating Transfer	(40,700)	(38,000)	(18,000)	(11,000)	(18,500)	(20,500)	(25,500)
Capital Grants-Unallocated			31,360	16,600			
Special Item-Payment to Refunding Agent				(22,845)			
Total Governmental Activities	<u>5,899,165</u>	<u>6,242,501</u>	<u>6,855,348</u>	<u>7,345,784</u>	<u>7,676,481</u>	<u>7,623,876</u>	<u>7,802,809</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 CHANGES IN NET ASSETS
 LAST SEVEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (Continued)

	Fiscal Year Ending June 30,						
	2004	2005	2006	2007	2008	2009	2010
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS (Cont'd)							
Business-Type Activities:							
Investment Earnings	\$ 481	\$ 533	\$ 1,415	\$ 1,431	\$ 620	\$ 137	\$ 99
Transfers	40,700	38,000	18,000	11,000	18,500	20,500	25,500
Total Business-Type Activities	41,181	38,533	19,415	12,431	19,120	20,637	25,599
TOTAL DISTRICT-WIDE	\$ 5,940,346	\$ 6,281,034	\$ 6,874,763	\$ 7,358,215	\$ 7,695,601	\$ 7,644,513	\$ 7,828,408
CHANGE IN NET ASSETS							
Governmental Activities	\$ (116,365)	\$ (45,328)	\$ 220,068	\$ 166,430	\$ 350,735	\$ 192,713	\$ 203,871
Business-Type Activities	1,073	15	2,636	(6,021)	(897)	922	(886)
TOTAL DISTRICT	\$ (115,292)	\$ (45,313)	\$ 222,704	\$ 160,409	\$ 349,838	\$ 193,635	\$ 202,985

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST SEVEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	
General Fund:							
Reserved	\$ 7,407	\$ 22,615	\$ 33,211	\$ 105,453	\$ 433,053	\$ 465,794	\$ 568,020
Unreserved	237,633	212,950	285,338	361,418	223,018	203,562	238,276
Total General Fund	\$ 245,040	\$ 235,565	\$ 318,549	\$ 466,871	\$ 656,071	\$ 669,356	\$ 806,296
All Other Governmental Funds:							
Unreserved, Reported In:							
Capital Projects Fund	\$ (284,879)	\$ (264,229)	\$ (175,967)	\$ (146,686)	\$ (73,343)		
Debt Service Fund	82,060						
Total All Other Governmental Funds	\$ (202,819)	\$ (264,229)	\$ (175,967)	\$ (146,686)	\$ (73,343)	\$ -	\$ -

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Tax Levy	\$ 4,047,416	\$ 4,254,835	\$ 4,493,500	\$ 4,719,751	\$ 4,994,358	\$ 5,456,698	\$ 5,724,999	\$ 5,940,162	\$ 6,149,330	\$ 6,322,072
Tuition Charges	8,505	8,505	8,292	36,294	16,661	27,266	34,600	103,141	154,310	166,105
Interest Earnings	65,325	13,283	5,544	14,023	15,963	39,282	55,076	39,032	12,262	5,197
Miscellaneous	1,007,426	47,619	42,556	21,210	16,912	16,218	11,435	45,035	72,900	87,854
State Sources	60,180	110,839	1,035,655	1,154,033	1,239,778	1,335,639	1,572,176	1,581,990	1,257,539	1,250,052
Federal Sources	5,197,310	5,409,032	5,675,840	6,083,802	8,454,779	7,028,508	7,584,514	7,848,396	7,805,390	8,100,591
Total Revenues	2,043,852	2,027,659	2,013,819	2,004,336	2,144,195	2,363,860	2,323,218	2,455,401	2,466,284	2,816,000
Expenditures:										
Instruction:										
Regular Instruction	233,395	298,883	345,411	435,631	531,064	507,117	453,191	614,861	738,322	686,990
Special Education Instruction	20,000	55,839	70,456	43,468	15,928	74,952	79,369	112,287	117,588	117,588
Other Special Instruction	43,717	52,923	49,052	51,227	47,500	57,270	68,190	74,434	76,690	76,427
Support Services:										
Tuition	147,735	147,460	106,948	74,533	14,274	5,006	53,535	29,413	35,974	4,000
Student & Instruction Related Services	436,316	509,951	467,128	536,486	587,958	564,726	633,368	643,247	685,502	681,437
General Administration	234,593	255,188	267,581	258,091	285,091	289,524	285,251	289,665	289,152	297,667
School Administration Services	209,802	165,536	169,220	173,451	128,830	137,096	147,245	153,340	159,193	168,036
Central Services	114,621	122,882	131,074	135,713	137,455	144,375	187,501	124,642	128,491	131,659
Administrative Information Technology					25,873	13,500	10,215	7,045	7,345	4,000
Plant Operations & Maintenance	477,708	433,095	460,421	491,049	497,346	504,380	568,419	568,733	707,954	580,969
Pupil Transportation	364,120	417,619	382,997	392,205	385,280	403,638	439,638	454,186	483,296	437,161
Employee Benefits	467,955	523,368	618,637	697,472	790,878	848,050	917,177	917,177	946,182	1,057,586
On-Behalf TPAF Pension & Soc Sec Contributions	247,708	207,394	292,371	374,867	438,674	502,831	733,378	738,576	474,191	515,812
Capital Outlay	28,541	22,398	13,950	20,007	23,293	85,655	100,248	42,883	157,095	42,577
Capital Projects	3,293			287,264	107,379	155,160	204,885	153,415	161,014	272,282
Special Revenue Funds	85,538	148,663	114,986	143,867	174,278	190,288	193,343	223,343	213,343	150,000
Principal	90,000	90,000	95,000	105,000	187,683	107,122	103,336	62,393	73,709	65,950
Interest & Other Charges	128,420	122,010	117,600	112,945	112,177	107,122	103,336	62,393	73,709	65,950
Total Expenditures	5,375,314	5,600,868	5,716,847	6,364,622	6,588,840	6,914,550	7,528,147	7,631,723	7,868,024	7,918,151
Excess (Deficiency) of Revenues Over (Under) Expenditures	(178,004)	(191,836)	(40,607)	(280,820)	(133,861)	113,958	56,367	216,673	(82,634)	182,440
Other Financing Sources (Uses):										
Capital Leases (Non-Budgeted)					23,283		1,885,000		107,426	
Proceeds from Bond Issue							(1,877,845)			
Payments to Refunding Bond Escrow Agent							51,758			
Proceeds from Bond Issue Premium					77,683	75,288	73,343	73,343	73,343	
Temporary Note Paid in Debt Service Fund	(16,000)	(26,000)	(23,000)	(40,700)	(38,000)	(18,000)	(11,000)	(18,500)	(20,500)	(45,500)
Transfers Out	(16,000)	(26,000)	(23,000)	(40,700)	(40,700)	(18,000)	(11,000)	(18,500)	(20,500)	(45,500)
Total Other Financing Sources (Uses)	(194,004)	(217,836)	(63,807)	(321,520)	(70,885)	171,246	177,623	271,516	77,635	136,940
Net Change in Fund Balances	4,22%	3,95%	3,87%	3,73%	4,87%	4,54%	4,16%	3,91%	3,86%	2,82%
Debt Service as a Percentage of Non-capital Expenditures										

Source: District Records

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Interest Income	\$ 65,311	\$ 13,283	\$ 5,544	\$ 11,638	\$ 15,617	\$ 39,263	\$ 55,076	\$ 39,032	\$ 12,262	\$ 5,197
Tuition		8,505	8,292	36,294	16,661	27,266	34,600	103,141	154,310	165,105
Building Use Fees	4,319	3,932	4,855	4,198	4,573	4,616	4,600	5,219	5,818	5,350
Milliford Board of Education-Interlocal Government Fees								29,659	51,344	53,514
Insurance Rebates	5,623									3,283
Prior Year Refunds	1,559	12,739	10,378	6,037	1,632	170	1,588	760	4,059	768
Lost Books and Fines	408	241	511	330	287	279	455	1,012	190	199
Sale of Surplus Equipment										3,300
Fund 20-Cancellation of Balance (Day Care Program)										
Consulting Services-Preschool Program										
E Rate Reimbursements	4,608	9,974	10,077	9,835	9,961	9,589	4,772	8,026	7,852	13,875
Donations		2,689	400	800						7,564
Miscellaneous Other	267	1,540	114	10	154			359		1
Medicaid Initiative	179	82	82							
Accounts Payable Canceled			1,219							
Outstanding Checks Voided			14,920		304	1,564				
Annual Totals	\$ 82,274	\$ 52,985	\$ 56,392	\$ 69,142	\$ 49,189	\$ 82,747	\$ 101,091	\$ 187,208	\$ 239,472	\$ 258,156

Source: District Records

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
 LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Vacant Land	\$ 8,565,350	\$ 8,674,850	\$ 9,186,750	\$ 8,131,850	\$ 16,302,500	\$ 16,372,100	\$ 14,327,800	\$ 14,132,800	\$ 13,632,800	\$ 13,767,300
Residential	271,645,790	275,140,190	274,703,190	277,489,190	516,517,300	515,711,800	518,694,600	523,094,200	527,491,700	527,938,000
Farm Regular	61,915,800	61,498,300	68,014,250	69,656,900	139,278,000	139,440,600	141,016,700	141,769,700	140,841,000	141,055,000
Q Farm	3,752,537	3,689,314	3,765,788	3,765,474	3,792,519	4,924,161	5,014,720	5,287,057	5,528,620	5,544,700
Commercial	36,257,660	36,465,260	36,979,160	37,048,060	105,138,342	104,403,461	103,801,561	103,960,461	94,686,561	94,870,161
Industrial										
Apartment	1,784,800	1,789,700	1,789,700	1,789,700	2,258,400	2,188,600	2,188,600	2,188,600	2,188,600	2,142,700
Total Assessed Value	383,921,937	387,257,614	394,438,838	397,881,174	783,287,061	783,040,722	785,043,981	790,452,818	784,569,281	785,317,861
Public Utilities (a)	1,321,690	1,229,942	968,349	869,123	1,285,305	1,193,212	1,263,700	1,272,179	1,261,509	2,216,404
Net Valuation Taxable	\$ 385,243,627	\$ 388,487,556	\$ 395,407,187	\$ 398,750,297	\$ 784,572,366	\$ 784,233,934	\$ 786,307,681	\$ 791,724,997	\$ 785,830,790	\$ 787,534,265
Estimated Actual County Equalized Value	\$ 411,852,561	\$ 499,316,759	\$ 567,218,942	\$ 614,067,265	\$ 704,984,309	\$ 775,407,887	\$ 849,173,621	\$ 843,679,175	\$ 808,335,681	\$ 810,322,624
Percentage of Net Valuations to Estimated Actual County Equalized Value	93.54%	77.80%	69.71%	64.94%	111.29%	101.14%	92.60%	93.84%	97.22%	97.19%
Total Direct School Tax Rate (b)	\$ 1.104	\$ 1.158	\$ 1.194	\$ 1.253	\$ 0.695	\$ 0.730	\$ 0.755	\$ 0.776	\$ 0.804	\$ 0.824

*

Source: Municipal Tax Assessor

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

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

(b) Tax rates are per \$100

* Revalued/Reassessed

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)**

Assessment Year	School District Direct Rate (From J-6)										Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General		Regional School Debt	Overlapping Rates			Fire District	Municipality	County	
		Rate (b)	Obligation Service (b)		Direct School Tax Rate	County	County				
2001	\$ 1.049	\$ 0.055	\$ 1.104	\$ 0.726	\$ 0.289	\$ 0.491					\$ 2.610
2002	1.103	0.055	1.158	0.746	0.322	0.584					2.81
2003	1.118	0.076	1.194	0.763	0.327	0.616					2.90
2004	1.198	0.055	1.253	0.900	0.338	0.629					3.12
2005	0.657	0.038	0.695	0.454	0.203	0.338					1.69
2006	0.692	0.038	0.730	0.515	0.177	0.353	0.022				1.80
2007	0.718	0.037	0.755	0.457	0.177	0.359	0.024				1.77
2008	0.742	0.035	0.777	0.435	0.180	0.355	0.025				1.77
2009	0.772	0.032	0.804	0.469	0.189	0.354	0.024				1.84
2010	0.796	0.028	0.824	0.453	0.190	0.352	0.024				1.84

Sources: Municipal Tax Collector

NOTE:

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

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

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

* Revalued/Reassessed

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO

	2010			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Texas Eastern Transmission Corp	\$ 42,282,000	1	5.37%	\$ 16,796,600	1	4.36%
The Ridge at Back Brook Road	10,500,000	2	1.33%			
Algonquin Pipe Line Co	8,288,100	3	1.05%	3,111,100	2	0.81%
Hunterdon Storage Inc	2,781,000	4	0.35%	1,298,360	3	0.34%
Buckeye Pipeline Co	2,639,700	5	0.34%			
Southwick Farm LLC	2,263,600	6	0.29%	713,200	7	0.19%
Individual Property Owner #1	1,946,600	7	0.25%	857,200	5	0.22%
Jordan, Sidney & T/Z Ifida Realty	1,812,900	8	0.23%			
Individual Property Owner #2	1,770,400	9	0.22%	822,000	6	0.21%
Individual Property Owner #3	1,757,600	10	0.22%			
Bousum/Neely Partnership				1,002,900	4	0.26%
1039 Old York Road LLC				643,000	8	0.17%
	<u>\$ 76,041,900</u>		<u>9.66%</u>	<u>\$ 25,244,360</u>		<u>6.55%</u>

Source: Municipal Tax Assessor

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

<u>Year Ending December 31,</u>	<u>Taxes Levied for the Year</u>	<u>Collected Within the Fiscal Year of the Levy (a)</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
2000	\$ 9,833,403	\$ 9,648,976	98.12%
2001	10,155,969	9,923,825	97.71%
2002	11,202,083	11,001,893	98.21%
2003	11,588,215	11,393,617	98.32%
2004	12,647,926	12,480,130	98.67%
2005	13,349,821	13,091,895	98.07%
2006	14,254,486	14,024,894	98.39%
2007	14,156,590	13,960,592	98.62%
2008	14,098,240	13,860,768	98.32%
2009	14,486,633	14,207,423	98.07%

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

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

**EAST AMWELL TOWNSHIP SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2001	\$ 2,490,000					\$ 2,490,000	1.05%	\$ 557	
2002	2,400,000					2,400,000	0.98%	532	
2003	2,305,000					2,305,000	0.91%	510	
2004	2,200,000		\$ 373,000			2,573,000	1.00%	568	
2005	2,090,000		17,049	295,317		2,402,366	0.91%	533	
2006	1,975,000	\$	11,633	220,029		2,206,662	0.84%	491	
2007	1,885,000		5,954	146,686		2,037,640	0.72%	452	
2008	1,735,000			73,343		1,808,343	0.61%	402	
2009	1,595,000		32,426			1,627,426	0.55%	363	
2010	1,445,000		22,028			1,467,028	N/A	327	

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		% of Actual		
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Taxable Value (a) of Property	Per Capita (a)
2001	\$ 2,490,000		\$ 2,490,000	0.65%	\$ 552
2002	2,400,000		2,400,000	0.62%	531
2003	2,305,000		2,305,000	0.58%	509
2004	2,200,000		2,200,000	0.55%	488
2005	2,090,000		2,090,000	0.27%	465
2006	1,975,000		1,975,000	0.25%	438
2007	1,885,000		1,885,000	0.24%	419
2008	1,735,000		1,735,000	0.22%	387
2009	1,595,000		1,595,000	0.20%	356
2010	1,445,000		1,445,000	0.18%	322

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.

* Revalued/Reassessed

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2009

	Gross Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 6,316,646	100.00	\$ 6,316,646
Regional High School	24,051,275	7.86	1,890,221
County General Obligation Debt	115,572,465	3.38	<u>3,906,349</u>
Subtotal, Overlapping Debt			12,113,216
School District Direct Debt			<u>1,595,000</u>
Total Direct and Overlapping Debt			<u>\$ 13,708,216</u>

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

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

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION,
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2010

	2009	2008	2007	Equalized Valuation Basis									
	\$ 807,751,756	834,427,128	825,753,635										
	<u>\$ 2,467,932,519</u>												
	\$ 822,644,173												
	\$ 24,679,325												
	<u>1,445,000</u>												
	<u>\$ 23,234,325</u>												
	Average Equalized Valuation of Taxable Property												
	Debt Limit (3.0% of Average Equalization Value)												
	Total Net Debt Applicable to Limit												
	Legal Debt Margin												
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2010	2009		
Debt Limit	\$ 807,751,756	834,427,128	825,753,635	19,689,474	17,102,808	15,201,321	13,399,470	12,135,165	12,441,251	23,836,848	24,671,896		
Total Net Debt Applicable	1,445,000	2,400,000	2,678,000	2,573,000	2,385,317	2,573,000	2,678,000	2,400,000	2,490,000	1,808,343	1,595,000		
Legal Debt Margin	\$ 23,234,325	\$ 9,735,165	\$ 10,721,470	\$ 12,628,321	\$ 14,717,491	\$ 12,628,321	\$ 10,721,470	\$ 9,735,165	\$ 9,951,251	\$ 22,028,505	\$ 23,076,896		
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	20.01%	19.78%	19.99%	16.93%	13.95%	11.15%	9.26%	7.59%	6.46%	6.22%	6.22%		

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

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2001	4,508	\$ 249,878,440	\$ 55,430	1.4%
2002	4,522	258,251,420	57,110	2.5%
2003	4,527	265,580,982	58,666	2.7%
2004	4,509	270,165,753	59,917	2.2%
2005	4,498	268,044,816	59,592	2.9%
2006	4,507	289,917,282	64,326	3.3%
2007	4,498	306,556,692	68,154	2.9%
2008	4,482	308,294,370	68,785	3.8%
2009	4,485	N/A	N/A	6.8%
2010	4,485	N/A	N/A	N/A

Sources:

- (a) Population Information Provided by the NJ Dept of Labor and Workforce Development
- (b) Personal Income has Been Estimated Based Upon the Municipal Population and Per Capita Personal Income Presented
- (c) Per Capita Personal Income by County Estimated Based Upon the 2000 Census Published by the US Bureau of Economic Analysis.
- (d) Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Employer	2010			2001		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction:										
Regular	35.0	34.0	34.0	35.0	35.2	36.2	36.2	36.1	37.1	38.1
Special Education	9.0	10.0	12.0	16.1	14.0	13.8	14.4	14.8	18.3	17.3
Other Special Education										
Vocational										
Other Instruction-Aides										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	9.0	9.0	9.0	9.4	9.4	9.4	8.8	9.0	6.8	6.8
General Administration	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.5	2.5
School Administration Services	2.4	2.4	2.4	2.0	2.0	2.0	2.4	2.4	2.4	2.4
Other Administrative Services										
Central Services	2.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0	2.0	2.0
Administrative Information Technology										
Plant Operations and Maintenance	6.0	6.0	5.5	6.5	4.5	4.5	4.5	4.5	4.5	4.5
Pupil Transportation										
Other Support Services										
Special Schools	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Food Service										
Child Care										
Total	67.5	67.5	69.0	75.1	71.2	72.0	73.4	72.9	75.6	75.6

Sources: District Personnel Records

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2001	480	\$ 5,127,060	\$ 10,681	12.59%	52.0	1 to 9.23	470.7	450.8	-4.33%	95.77%
2002	475	5,366,460	11,298	5.77%	52.0	1 to 9.13	458.3	439.7	-2.63%	95.94%
2003	483	5,490,097	11,367	0.61%	51.0	1 to 9.47	474.6	457.0	3.56%	96.29%
2004	471	5,839,406	12,398	9.07%	52.0	1 to 9.05	464.3	449.1	-2.17%	96.73%
2005	482	6,158,108	12,776	3.05%	55.0	1 to 8.76	478.0	460.0	2.95%	96.23%
2006	486	6,551,485	13,480	5.51%	54.0	1 to 9.00	465.9	469.1	1.65%	96.54%
2007	494	7,131,220	14,436	7.09%	57.0	1 to 8.66	496.5	486.4	2.18%	97.97%
2008	489	7,303,304	14,935	3.46%	54.0	1 to 9.05	489.6	480.6	-1.39%	98.16%
2009	487	7,443,877	15,285	2.34%	55.0	1 to 8.85	488.6	470.4	-0.20%	96.28%
2010	501	7,659,624	15,289	0.02%	56.0	1 to 8.64	501.3	482.3	2.60%	96.21%

Source: District Records

- (a) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.
- (b) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff.
- (c) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>Elementary (1939)</u>										
Square Feet	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500	62,500
Capacity (Students)	530.0	530.0	530.0	530.0	530.0	530.0	530.0	530.0	530.0	530.0
Enrollment	475.0	483.0	471.0	481.0	486.0	491.0	494.0	489.0	487.0	501.0

Number of Schools at June 30, 2010:

Elementary	1
Middle School	0
High School	0
Other	0

District Facilities Office

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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

*School Facilities

	<u>Amount</u>	<u>Total</u>
2001	\$ 26,911	\$ 26,911
2002	32,029	32,029
2003	37,887	37,887
2004	48,780	48,780
2005	49,252	49,252
2006	28,695	28,695
2007	56,775	56,775
2008	39,782	39,782
2009	148,187	148,187
2010	57,953	57,953
Total School Facilities	<u>\$ 526,251</u>	<u>\$ 526,251</u>

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

Source: District Records

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2010
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-School Alliance Insurance Fund:		
Property-Blanket Building & Contents	\$ 12,648,483	\$ 5,000
Comprehensive General Liability	11,000,000	1,000
Comprehensive Automobile Liability	11,000,000	
Pollution Liability	1,000,000	
Comprehensive Crime Coverage	100,000	
Excess Liability	11,000,000	
Employee Benefits	11,000,000	
Student Accident	5,000,000	
School Board Legal Liability-NJ School Board:		
Directors and Officers Policy	11,000,000	
Workmen's Compensation-School Alliance Insurance Fund	2,000,000	
Public Employees' Faithful Performance-		
School Alliance Insurance Fund:		
Treasurer's Bond	200,000	
Business Admin Bond	200,000	

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

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

October 15, 2010

Honorable President and
Members of the Board of Education
East Amwell Township School District
County of Hunterdon, New Jersey

We have audited the financial statements of the Board of Education of the East Amwell School District in the County of Hunterdon as of and for the year ended June 30, 2010, and have issued our report thereon dated October 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information of the management of the Board of Education and federal and state awarding agencies and pass through entities is not intended to be and should not be used by anyone other than these specified parties.



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

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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

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

October 15, 2010

Honorable President and
Members of the Board of Education
East Amwell Township School District
County of Hunterdon, New Jersey

Compliance

We have audited the compliance of the Board of Education of the East Amwell School District in the County of Hunterdon, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and New Jersey OMB's Circular 04-04 that are applicable to its major federal and state programs for the year ended June 30, 2010. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education's management. Our responsibility is to express an opinion on the Board of Education's compliance based on our audit.

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

In our opinion the Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

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

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


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

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS-SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal CFDA Number	Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2009		Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2010	
					(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue
	US Department of Education Passed Through State Department of Education. Special Revenue Fund: NCLB IA											
84.010A		NCLB-116010	\$ 7,324	09/01/2009-8/31/2010			\$ 7,324	\$ 7,324				
84.367A		NCLB-116009	12,612	09/01/2008-8/31/2009			6,438	925			\$ (925)	
84.367A		NCLB-116010	13,153	09/01/2009-8/31/2010			3,141	6,140			(10,012)	\$ 7,013
84.318X		NCLB-116010	75	09/01/2009-8/31/2010			75	75				
84.186A		NCLB-116009	725	09/01/2008-8/31/2009			725	725			(775)	775
84.186A		NCLB-116010	775	09/01/2009-8/31/2010								
84.298A		NCLB-116007	635	09/01/2006-8/31/2007		31			\$ (31)			
84.358B		S358A-081988	44,743	07/01/2008-9/30/2009			44,743	44,743			(46,663)	44,577
84.358B		S358A-071988	44,919	07/01/2007-9/30/2008			987	987				
84.358B		S358A-091988	46,663	07/01/2009-9/30/2010				2,086				
84-389		ARRA IDEA-116010	99,058	07/01/2009-8/31/2011			99,058	99,058				
84-392		ARRA IDEA-116010	3,584	07/01/2009-8/31/2011			3,584	3,584				
84.027		IDEA-116009	98,200	09/01/2008-8/31/2009							(9,820)	
84.027		IDEA-116010	98,456	09/01/2009-8/31/2010			9,820	98,456			(9,845)	
84.027		IDEA-116009	4,604	09/01/2008-8/31/2009			4,604					
84.173		IDEA-116009	6,204	09/01/2008-8/31/2009			621					
84.173		IDEA-116010	6,208	09/01/2009-8/31/2010			5,586	6,208			(622)	
	Total Special Revenue Fund					(21,452)	275,317	270,311	(31)	\$ -	(68,842)	52,365
	US Department of Agriculture Passed Through State Department of Education. Enterprise Fund: Food Distribution Program											
10.550-		N/A	7,507	07/01/2008-6/30/2009				1,078				
10.550-		N/A	9,280	07/01/2009-6/30/2010			9,280	8,285				995
10.555-		N/A	16,689	07/01/2008-6/30/2009			1,637					
10.555-		N/A	19,637	07/01/2009-6/30/2010			17,684	19,637			(1,953)	
	Total Enterprise Fund					(559)	28,601	28,000			(1,953)	995
	TOTAL FEDERAL FINANCIAL ASSISTANCE					(22,011)	303,918	299,311	(31)	\$ -	(70,795)	53,360

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2009 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2010		Memo Budgetary Receivable	Cumulative Expenditures	
								Accounts Receivable	Deferred Revenue			
State Department of Education												
General Fund:												
Transportation Aid	09-495-034	\$ 163,221	07/01/2008-6/30/2009	\$ (15,857)	\$ 15,857							
Transportation Aid	-5120-014	159,318	07/01/2009-6/30/2010		139,983	\$ 159,318		\$ (19,335)		\$ (19,335)	\$ 159,318	
Special Education Aid	-5120-014	265,014	07/01/2008-6/30/2009	(25,746)	25,746							
Special Education Aid	-5120-089	270,692	07/01/2009-6/30/2010		237,840	270,692		(32,852)		(32,852)	270,692	
Security Aid	09-495-034	35,068	07/01/2008-6/30/2009	(3,407)	3,407							
Security Aid	-5120-084	36,329	07/01/2009-6/30/2010		31,920	36,329		(4,409)		(4,409)	36,329	
Adjustment Aid	-5120-084	351,159	07/01/2008-6/30/2009	(34,114)	34,114							
Adjustment Aid	-5120-085	223,924	07/01/2009-6/30/2010			223,924		(27,176)		(27,176)	223,924	
NP Transportation Aid	-5120-085	5,394	07/01/2008-6/30/2010	(5,394)	5,394							
NP Transportation Aid	-5120-014	4,651	07/01/2009-6/30/2010			4,651		(4,651)		(4,651)	4,651	
Extraordinary Special Education Costs Aid	-5120-014	42,003	07/01/2009-6/30/2010			42,003		(42,003)		(42,003)	42,003	
Reimbursement TPAF Soc Sec Contribution	-5120-473	286,530	07/01/2009-6/30/2010		286,530	286,530					286,530	
Reimbursement TPAF Soc Sec Contribution	-5095-002	264,062	07/01/2008-6/30/2009	(13,221)	13,221							
TPAF-Post Retirement Medical	10-495-034	217,691	07/01/2009-6/30/2010		217,691	217,691					217,691	
TPAF-Non-contributory Insurance	-5095-001	11,591	07/01/2009-6/30/2010		11,591	11,591					11,591	
Total General Fund				(97,739)	1,023,294	1,252,729	\$ -	(130,426)	\$ -	(130,426)	1,252,729	
Special Revenue Fund:												
Character Education	06-495-034	4,000	07/01/2005-6/30/2006	2,324		1,971			353		3,647	
Non Public Services: Examination & Classification	-5120-053	3,557	07/01/2000-6/30/2001	3,557					3,557		3,557	
Total Special Revenue				5,881	-	1,971	-	-	353	-	3,647	
State Department of Agriculture Enterprise Fund:												
Enterprise Fund	10-100-010	1,672	07/01/2009-6/30/2010		1,510	1,672		(162)		(162)	1,672	
National School Lunch Program (St Share)	-3350-023	1,842	07/01/2008-6/30/2009	(169)	169							
National School Lunch Program (St Share)	09-100-010			(169)	1,679	1,672		(162)		(162)	1,672	
Total Enterprise Fund				(338)	1,849	1,672	-	(324)	-	(324)	1,672	
TOTAL STATE FINANCIAL ASSISTANCE												
				\$ (92,027)	\$ 1,024,973	\$ 1,256,372	\$ -	\$ (130,588)	\$ 353	\$ (130,588)	\$ 1,258,048	

SEE ACCOMPANYING NOTES TO SCHEDULE OF FINANCIAL ASSISTANCE

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2010

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP OF FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(4,648) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,248,081	\$ 1,248,081
Special Revenue Fund	\$ 270,311	1,971	272,282
Food Service Fund	<u>29,000</u>	<u>1,672</u>	<u>30,672</u>
	<u>\$ 299,311</u>	<u>\$ 1,251,724</u>	<u>\$ 1,551,035</u>

EAST AMWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2010
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2010. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

EAST AMWELL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd)

NOT APPLICABLE

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

Auditee qualified as a low-risk auditee

_____ Yes _____ No

State Awards

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

_____ \$ 300,000 _____

Auditee Qualified as low-risk auditee

X Yes _____ No

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

_____ Unqualified _____

Internal Control Over Major Programs:

1. Material weakness(es) identified?
2. Reportable conditions identified
that are not considered to be material
weaknesses?

_____ Yes X No

_____ Yes X No

Any Audit Findings Disclosed that are Required
to be Reported in Accordance with NJ OMB
Circular Letter 04-04?

_____ Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
10-495-034-5095-002	\$ 286,530	Social Security Reimbursement
10-495-034-5120-011	270,692	Special Education Aid

EAST AMWELL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2010.

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

There were no findings or questioned costs for the year ended June 30, 2010.

EAST AMWELL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

K-7

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.