

Comprehensive Annual Financial Report

of the

Borough of Garwood School District

County of Union

Garwood, New Jersey

For the Fiscal Year Ended June 30, 2010

Prepared by

**Borough of Garwood School District
Business Office**

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INTRODUCTORY SECTION

GARWOOD PUBLIC SCHOOLS

John Bolil
School Business Administrator/Board Secretary
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December 6, 2010

Honorable President and
Members of the Board of Education
Garwood School District
County of Union
Garwood, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Garwood 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 Garwood 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 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 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 Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". 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:** Garwood School District is an independent reporting entity with the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Garwood Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through grade 8. These include regular, as well as special education for handicapped youngsters. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2009-2010	405.0	(.73)
2008-2009	408.0	4.60
2007-2008	418.0	2.70
2006-2007	407.0	(.097)
2005-2006	411.0	5.38
2004-2005	390.0	3.15
2003-2004	378.0	(1.46)
2002-2003	383.6	(1.79)
2001-2002	390.5	(3.22)
2000-2001	403.4	(.74)
1999-2000	406.4	2.11

- 2) **ECONOMIC CONDITION AND OUTLOOK:** Garwood is a small borough attempting to deal with a variety of evolving factors that could impact its future development and the already burdened taxpayers. The most pressing issues include the loss of major industries, large vacant industrial properties, flat state aid and state/federal mandates that do not come with implementation funding.

- 3) **MAJOR INITIATIVES:** Helping prepare pupils for life in the twenty-first century continues to be a major area of focus. Articulation, planning and implementation activities revolved around the continued infusion of technology, addressing the N.J. Core Curriculum Content Standards, exploring the feasibility of using an integrated language arts program, hands-on social studies and science, presenting an inquiry based mathematics program in K-8, introducing world languages into grades K-5 and avenues for parental involvement including Family Computer Club and Family Math Nights.

The primary level program in grades Pre-kindergarten – Grade 2 continues to focus on the use of developmentally appropriate strategies and resources. Strategies to provide a gradual transition toward giving pupils more responsibility for their own learning are being implemented in the intermediate grades (3-5).

The district continues to refine its movement toward a middle school concept in grades 6-8 by clustering pupils into small instructional groups for language arts literacy and mathematics and exploring areas of curriculum integration. A gifted and talented academic program is available for pupils in grades K-8 and a gifted and talented academic, music and art program is available for pupils in grades 6-8 who meet the appropriate qualifications. The needs of at-risk pupils are met through a basic skills program, an ELS (English Language Service) program and special education programs (with in-district and out-of-district placements).

Standardized testing results indicate that our pupils continue to score in the advanced proficient and proficient range on the New Jersey Assessment of Skills and Knowledge (NJASK).

The district successfully passed a referendum in April 2002, to make renovations and additions to the aging school facilities. Construction concluded in 2006.

- 4) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for 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 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 portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

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

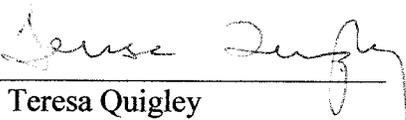
section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2009.

- 6) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.
- 7) **FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.
- 8) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute and detailed in "Notes to the financial statements", Note 2. The District requires that all public funds be deposited in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
- 9) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The SBA/BS has established a Risk Management Committee made up of the SBA, Principal, School Nurse, Supervisor of Building and Grounds and the SAIF Insurance Agent.
- 10) **OTHER INFORMATION:**
 - a. Independent Audit – State statutes requires an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney, and Company, CPA's, 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 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and combining and individual funds statement and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit and included in the single audit section of this report.

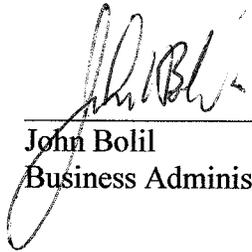
- b. It must also be noted that the district was awarded full certification for a seven-year period as a result of monitoring activities conducted by the New Jersey Department of Education.

11) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Garwood Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Dr. Teresa Quigley
Superintendent of Schools



John Bolil
Business Administrator

GARWOOD BOARD OF EDUCATION
GARWOOD, NJ

ROSTER OF OFFICIALS
JUNE 30, 2010

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Russell Graham	2012
Barbara Greet	2012
Susan Groning	2013
Christine Guerriero	2011
Linda Koenig- Vice President	2011
Adele Lewis – President	2012
Karen Rusin	2011
John Sullivan	2013
Brendan McDermott	2013

Other Officials:

Dr. Teresa Quigley – Superintendent

John Bolil – Business Administrator/Board Secretary

Raymond Krov – Treasurer

GARWOOD BOARD OF EDUCATION

Consultants & Advisors

Architect

Robert Donahue
42 Main Street
Madison, New Jersey 07940

Audit Firm

Suplee, Clooney & Company
308 East Broad Street
Westfield, New Jersey 07090

Attorney

Schwartz Simon Edelstein Celso & Kessler LLP
PO Box 2355
Morristown, New Jersey 07962

Official Depository

Investors Savings Bank
South Avenue
Garwood, New Jersey 07027

FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Borough of Garwood
County of Union
Garwood, New Jersey 07027

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Garwood School District, County of Union, New Jersey as of and for the 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 District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Garwood School District, County of Union, New Jersey as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

SUPLEE, CLOONEY & COMPANY

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2010 on our consideration of the Borough of Garwood School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants 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's Discussion and Analysis and the required supplementary information, as listed in the foregoing table of contents, respectively, are not a required part of the basic financial statements but are supplementary information required by the U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Garwood School District's basic financial statements. The introductory section, combining and individual fund schedules and statements, other schedules, statistical tables and the schedules of expenditures of federal awards and state financial assistance as listed in the table of contents are presented for purposes of additional analysis as required by the State of New Jersey, Department of Education, Division of Finance and are not a required part of the basic financial statements of the Borough of Garwood School District, County of Union, New Jersey. Such information, except for the introductory section and that portion marked unaudited on which we express no opinion, 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.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

December 6, 2010

REQUIRED SUPPLEMENTARY INFORMATION – Part I

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

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

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

The Management's Discussion and Analysis of the Borough of Garwood School District (the "District") offers readers of the District's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2010. The intent of this discussion is to look at the District's financial performance as a whole; therefore readers should also review the transmittal letter at the front of this report, along with the District's financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is a new element of the Required Supplementary Information (RSI) specified in the Governmental Accounting Standards Board's (GASB) Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis of State and Local Governments issued in June 1999.

Financial Highlights

- Revenue from governmental activities accounted for \$8,368,894.71 or 98.8 percent of total school district revenue. The other 1.2 percent of revenue was generated by the business type activities.
- Governmental fund expenditures exceeded revenues by \$1,189,958.10.
- Total net assets of the District decreased by \$668,626.25.

Overview of the Financial Statements

This Comprehensive Annual Financial Report ("CAFR") consists of three parts: Management's Discussion and Analysis (this section), The Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District, District-wide Financial Statements and Fund Financial Statements.

- District-wide Financial Statements provide both short-term and long-term information about the District's overall financial status.
- Fund Financial Statements report the District's operations in more detail than the District-wide statements on individual parts of the District, the Governmental Funds, Proprietary Funds and Fiduciary Funds.

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

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

- Governmental Funds Statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary Funds Statements offer short and long-term financial information about the activities the District operates like a business, which include food services.
- Fiduciary Funds Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the District's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year. Exhibit A-1 reflects how the various parts of this annual report are arranged and related to one another.

District-wide Financial Statements

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

The District-wide Financial Statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the District-wide Financial Statements, the District's activities are divided into two categories, governmental and business-type activities.

- Governmental activities - All of the District's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.

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

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

- Business-type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. District charges fees to help it cover the costs of certain services it provided. The food service activities are reported as business activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on major funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

The District maintains three financial funds:

- Governmental Funds: The District's activities reported in governmental funds 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 that 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 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 government-wide Statement of Net Assets and Statement of Activities) and governmental funds statements is reconciled in the financial statements.
- Proprietary Funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow.
- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

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

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

Financial Analysis of the District as a Whole

The District's combined net assets have decreased from the 2008-2009 fiscal year. The net assets from governmental funds decreased \$678,015.10 as a result of a higher increase in expenditures over revenues as compared to 2008-2009. Net assets from business-type activities increased \$9,388.85. The decrease in the restricted net assets from prior year is \$412,898.89. Exhibit A-1 below reflects the District's net assets as a whole. Exhibit A-2 reflects the changes in net assets from operating results.

**Exhibit A-1
Condensed Statement of Net Assets**

	Governmental Activities		Business-Type Activities		Total School District		Total
	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009	Percentage Change
Current and							
Other Assets	\$1,824,803.24	\$2,915,638.62	\$40,776.89	\$31,076.08	\$1,865,580.13	\$2,946,714.70	-36.69%
Capital Assets	9,781,283.62	9,437,546.85	484.07	645.40	9,781,767.69	9,438,192.25	3.64%
Total Assets	11,606,086.86	12,353,185.47	41,260.96	31,721.48	11,647,347.82	12,384,906.95	-5.96%
Long-Term							
Liabilities	7,847,607.18	8,023,165.74			7,847,607.18	8,023,165.74	-2.19%
Short-Term							
Liabilities	464,713.99	358,238.94	728.07	577.44	465,442.06	358,816.38	29.72%
Total Liabilities	8,312,321.17	8,381,404.68	728.07	577.44	8,313,049.24	8,381,982.12	-0.82%
Net Assets:							
Invested in							
Capital Assets							
Net of Related							
Debt	2,336,871.03	2,245,523.47	484.07	645.40	2,337,355.10	2,246,168.87	4.06%
Restricted	943,373.87	1,356,272.76			943,373.87	1,356,272.76	-30.44%
Unrestricted	13,520.79	369,984.56	40,048.82	30,498.64	53,569.61	400,483.20	-86.62%
Total Net	\$3,293,765.69	\$3,971,780.79	\$40,532.89	\$31,144.04	\$3,334,298.58	\$4,002,924.83	-16.70%

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

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

**Exhibit A-2
Changes in Net Assets from Operating Results**

	Governmental Activities <u>FY 2010</u>	Business-Type Activities <u>FY 2010</u>	Total School District <u>FY 2010</u>
Revenue:			
Program Revenue:			
Charges for Services		\$65,748.44	\$65,748.44
Operating Grants and Contributions	\$672,050.35	35,300.58	707,350.93
General Revenue:			
Property Taxes	6,745,302.00		6,745,302.00
Federal and State Aid	637,908.00		637,908.00
Other	313,634.36		313,634.36
	<u>8,368,894.71</u>	<u>101,049.02</u>	<u>8,469,943.73</u>
Total Revenue			
Expenses:			
Instruction	5,584,742.50		5,584,742.50
Student & Instructional Related Services	684,104.27		684,104.27
Administrative and Business	665,356.67		665,356.67
Maintenance & Operations	685,628.15		685,628.15
Transportation	358,069.30		358,069.30
Other	1,069,008.92	91,660.17	1,160,669.09
	<u>9,046,909.81</u>	<u>91,660.17</u>	<u>9,138,569.98</u>
Total Expenses			
Increase/(Decrease) in Net Assets	<u>(\$678,015.10)</u>	<u>\$9,388.85</u>	<u>(\$668,626.25)</u>

Sources of Revenue for Fiscal Year 2010

The District's total revenue for the 2009-2010 school year was \$8,469,943.73 as reflected in Exhibit A-3 below. Property taxes and state formula aid accounted for 85.17 percent of the total revenue with the other 14.83 percent consisting of other state and federal aid, state and federal grants, charges for services, and miscellaneous sources.

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

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

**Exhibit A-3
Sources of Revenue for Fiscal Year 2010**

<u>Sources of Revenue</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$6,745,302.00	79.64%
State Formula Aid	468,489.00	5.53%
Other State and Federal Aid	445,296.05	5.26%
Federal and State Grants	431,473.88	5.09%
Charges for Services	65,748.44	0.78%
Other	313,634.36	3.70%
	<u>\$8,469,943.73</u>	<u>100.00%</u>

Expenses for the Fiscal Year 2010

The total expenditures for the 2009-2010 fiscal year for all programs and services were \$9,138,569.98. Exhibit A-4 below summarizes these program costs. The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through twelve, which accounts for 72.52 percent of the total District costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and the Principal's Offices in all five school buildings. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include interest on long-term debt, unallocated depreciation expense and the costs of the business-type activities of the proprietary funds. It is important to note that depreciation expense on capital assets is included in expenses for the year under the new accounting reporting model; expenses therefore include \$721,050.69 for depreciation.

**Exhibit A-4
Expenses for Fiscal Year 2010**

<u>Expense Category</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$5,584,742.50	61.11%
Student & Instructional Related Services	684,104.27	7.49%
Administrative and Business	665,356.67	7.28%
Maintenance & Operations	685,628.15	7.50%
Transportation	358,069.30	3.92%
Other	1,160,669.09	12.70%
	<u>\$9,138,569.98</u>	<u>100.00%</u>

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

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

Governmental Activities

Exhibit A-5 presents the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) of six major District activities: instruction, student and instructional services, administration and business, maintenance and operations, transportation, and other. The net cost shows the financial burden placed on the District's taxpayers and the state by each of these functions.

**Exhibit A-5
Net Cost of Governmental Activities**

<u>Function/Program</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$5,127,621.94	61.29%
Student & Instruction Related Services	610,524.33	7.30%
Administrative and Business	626,820.82	7.49%
Maintenance & Operations	685,628.15	8.20%
Transportation	255,255.30	3.05%
Other	1,059,620.07	12.67%
	<u>\$8,365,470.61</u>	<u>100.00%</u>

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, the Board of Education approved revisions to the general fund budget as needed. These budget amendments were necessary for the following reasons:

- Realign budgeted salary accounts after contract negotiation settlement and staff transfers to various programs.
- Realigned appropriations in accordance with the prescribed chart of accounts as modified by the comprehensive educational improvement and financing act.
- Transferred from unexpended appropriations to purchase teaching materials and equipment to meet various program needs.

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

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

Capital Assets

During the fiscal year 2009-2010 the District's depreciation expense and retired assets exceeded capital acquisitions, therefore capital assets net of depreciation decreased. Exhibit A-6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

**Exhibit A-6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009	
Land and Site Improvements	\$210,806.00	\$210,806.00			\$210,806.00	\$210,806.00	0.00%
Building and Building Improvements	9,436,513.38	9,143,594.14			9,436,513.38	9,143,594.14	3.20%
Machinery and Equipment	133,964.24	83,146.71	\$484.07	\$645.40	134,448.31	83,792.11	60.45%
Total Assets	\$9,781,283.62	\$9,437,546.85	\$484.07	\$645.40	\$9,781,767.69	\$9,438,192.25	-3.64%

Debt Administration

At June 30, 2010 the District had \$8,042,675.74 of outstanding long-term debt, consisting of bonds payable, PERS pension deferral, compensated absences, and capital leases. The District will continue to pay down its debt, as the obligations are due. Exhibit A-7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the District's long-term debt is presented in Note 4 to the financial statements.

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

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

**Exhibit A-7
Outstanding Long-term Debt**

	Total School Debt		Total Percentage Change
	FY 2010	FY 2009	
Capital Leases	\$33,811.74	\$43,358.53	-22.02%
Compensated Absences	79,100.00	59,590.00	32.74%
PERS Pension Deferral	20,764.00	20,764.00	0.00%
Bonds Payable	7,909,000.00	8,084,000.00	-2.16%
	<u>\$8,042,675.74</u>	<u>\$8,207,712.53</u>	<u>-2.01%</u>

The District's Future

The Garwood School District is currently in an acceptable financial condition. The District has experienced a loss in revenue and a State mandated reduction in surplus. The loss of revenue has severely limited the Board of Education's ability to expand programs for children. In addition, continual increases in fixed costs above the rate of inflation have forced a shifting of the burden to the local level. Garwood is a small borough attempting to deal with a variety of evolving factors that could impact its future development and the already burdened taxpayers. Some of the most pressing issues include loss of major industries, large vacant industrial properties, decreasing state aid and state/federal mandates that do not come with implementation funding. Yet, with all of the above challenges, the Garwood School District continues to provide a quality education experience preparing students to be lifelong learners, good citizens and involved community members.

Contacting the 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 District's accountability for the money it receives. If you have any questions about this report or need additional information, contact John Bolil, Business Administrator/Board Secretary, Garwood Board of Education, 400 Second Avenue, Garwood, NJ 07027. Also, please visit our website to learn more about our School District.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2010.

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.

BOROUGH OF GARWOOD SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 306,019.30	\$ 36,573.39	\$ 342,592.69
Receivables, net	1,355,333.74	2,699.54	1,358,033.28
Inventory		1,503.96	1,503.96
Restricted assets:			
Restricted cash and cash equivalents	163,450.20		163,450.20
Capital assets:			
Land and construction in progress	210,806.00		210,806.00
Other capital assets, net	9,570,477.62	484.07	9,570,961.69
Total assets	<u>\$ 11,606,086.86</u>	<u>\$ 41,260.96</u>	<u>\$ 11,647,347.82</u>
LIABILITIES			
Accounts payable	\$ 109,737.77	\$ 4.06	\$ 109,741.83
Deferred revenue	2,436.53	724.01	3,160.54
Interest payable	157,471.13		157,471.13
Noncurrent liabilities:			
Due within one year	195,068.56		195,068.56
Due beyond one year	7,847,607.18		7,847,607.18
Total liabilities	<u>\$ 8,312,321.17</u>	<u>\$ 728.07</u>	<u>\$ 8,313,049.24</u>
NET ASSETS			
Investment in capital assets, net of related debt	\$ 2,336,871.03	\$ 484.07	\$ 2,337,355.10
Restricted for:			
Capital projects fund	353,260.67		353,260.67
Debt service fund (deficit)	(153,376.00)		(153,376.00)
Other purposes	743,489.20		743,489.20
Unrestricted	<u>13,520.79</u>	<u>40,048.82</u>	<u>53,569.61</u>
Total net assets	<u>\$ 3,293,765.69</u>	<u>\$ 40,532.89</u>	<u>\$ 3,334,298.58</u>

See accompanying notes to financial statements.

BOROUGH OF GARWOOD SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2010

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
				GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 4,334,814.70	\$	\$ 416,808.58	\$ (3,918,006.12)	\$	\$ (3,918,006.12)
Special education	1,171,253.34		33,683.18	(1,137,570.16)		(1,137,570.16)
Other	78,674.46		6,628.80	(72,045.66)		(72,045.66)
Support services:						
Student and instruction related services	684,104.27		73,579.94	(610,524.33)		(610,524.33)
General administrative services	267,834.94		14,875.15	(252,959.79)		(252,959.79)
School administrative services	234,132.74		18,903.18	(215,229.56)		(215,229.56)
Central services	124,349.39		4,757.52	(119,591.87)		(119,591.87)
Administration information technology	39,039.60			(39,039.60)		(39,039.60)
Plant operations and maintenance	685,628.15			(685,628.15)		(685,628.15)
Student transportation services	358,069.30		102,814.00	(255,255.30)		(255,255.30)
Interest on long term debt	348,119.56			(348,119.56)		(348,119.56)
Unallocated Depreciation	720,889.36			(720,889.36)		(720,889.36)
Total governmental activities	\$ 9,046,909.81	\$	\$ 672,050.35	\$ (8,374,859.46)	\$	\$ (8,374,859.46)
Business-type activities:						
Food service	\$ 91,660.17	\$ 65,748.44	\$ 35,300.58	\$ 9,388.85	\$ 9,388.85	\$ 9,388.85
Total business-type activities	\$ 91,660.17	\$ 65,748.44	\$ 35,300.58	\$ 9,388.85	\$ 9,388.85	\$ 9,388.85
Total primary government	\$ 9,138,569.98	\$ 65,748.44	\$ 707,350.93	\$ (8,374,859.46)	\$ 9,388.85	\$ (8,365,470.61)
General Revenues:						
Taxes:						
Property taxes - general	\$ 6,279,668.00		\$	\$ 6,279,668.00	\$	\$ 6,279,668.00
Property taxes - debt service	465,634.00			465,634.00		465,634.00
Federal and state aid not restricted	637,908.00			637,908.00		637,908.00
Miscellaneous income	313,634.36			313,634.36		313,634.36
Total general revenues	\$ 7,696,844.36			\$ 7,696,844.36		\$ 7,696,844.36
Change in net Assets				\$ (678,015.10)	\$ 9,388.85	\$ (668,626.25)
Net Assets - beginning				\$ 3,971,760.79	\$ 31,144.04	\$ 4,002,924.83
Net Assets ending				\$ 3,293,765.69	\$ 40,532.89	\$ 3,334,298.58

See accompanying notes to financial statements.

MAJOR FUND FINANCIAL STATEMENTS

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

BOROUGH OF GARWOOD SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

ASSETS AND OTHER DEBITS:	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Assets:					
Cash and cash equivalents	\$	\$	\$ 306,019.30	\$	\$ 306,019.30
Capital reserve account	163,450.20				163,450.20
Accounts receivable:					
State	76,307.49		351,527.80		427,835.29
Federal		42,724.00			42,724.00
Local	523,305.00			173,895.00	697,200.00
Interfund	227,645.51		240,006.22		467,651.73
Total assets	\$ 990,708.20	\$ 42,724.00	\$ 897,553.32	\$ 173,895.00	\$ 2,104,880.52
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 107,767.86	\$ 216.41	\$ 1,753.50	\$	\$ 109,737.77
Interfunds payable	70,206.35	40,071.06		169,799.87	280,077.28
Deferred revenue		2,436.53			2,436.53
Total liabilities	\$ 177,974.21	\$ 42,724.00	\$ 1,753.50	\$ 169,799.87	\$ 392,251.58
Fund balances:					
Reserved for:					
Encumbrances	\$ 21,209.73	\$	\$ 23,376.00	\$	\$ 44,585.73
Capital reserve account	163,450.20				163,450.20
Excess surplus designated for subsequent years expenditures	128,877.43				128,877.43
Excess surplus - current year					
Unreserved, reported in:					
General fund:					
Designated for subsequent years expenditures	451,161.57				451,161.57
Undesignated	48,035.06				48,035.06
Capital projects fund			872,423.82		872,423.82
Debt service fund:					
Designated for subsequent years expenditures				4,059.05	4,059.05
Undesignated				36.08	36.08
Total fund balances	\$ 812,733.99	\$	\$ 895,799.82	\$ 4,095.13	\$ 1,712,628.94
Total liabilities and fund balances	\$ 990,708.20	\$ 42,724.00	\$ 897,553.32	\$ 173,895.00	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$12,461,198.71 and the accumulated depreciation is \$2,679,915.09.

\$ 9,781,283.62

Long term liabilities, including bonds and accrued interest payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

(8,200,146.87)

Net assets of governmental activities

\$ 3,293,765.69

See accompanying notes to financial statements.

BOROUGH OF GARWOOD 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	\$ 6,279,668.00	\$	\$	\$ 465,634.00	\$ 6,745,302.00
Miscellaneous revenues	43,687.14	1,667.88	36.08		45,391.10
Capital Reserve	269,108.00				269,108.00
Interest earned on capital reserve	803.14				803.14
Total revenues-local sources	<u>\$ 6,593,266.28</u>	<u>\$ 1,667.88</u>	<u>\$ 36.08</u>	<u>\$ 465,634.00</u>	<u>\$ 7,060,604.24</u>
State sources	\$ 853,651.47	\$	\$ 179,405.00	\$	\$ 1,033,056.47
Federal sources	24,833.00	250,401.00			275,234.00
Total revenues	<u>\$ 7,471,750.75</u>	<u>\$ 252,068.88</u>	<u>\$ 179,441.08</u>	<u>\$ 465,634.00</u>	<u>\$ 8,368,894.71</u>
EXPENDITURES:					
Current expense:					
Instruction:					
Regular	\$ 1,643,900.93	\$ 234,817.88	\$	\$	\$ 1,878,718.81
Special education	286,787.49				286,787.49
Other instruction	59,543.09				59,543.09
Support services:					
Tuition	2,714,563.64				2,714,563.64
Student and instruction related services	499,215.81	17,251.00			516,466.81
General administrative services	224,946.00				224,946.00
School administrative services	179,660.74				179,660.74
Central services	110,632.81				110,632.81
Administration information technology	35,830.38				35,830.38
Plant operations and maintenance	616,964.28				616,964.28
Student transportation services	358,069.30				358,069.30
Employee benefits	985,754.33				985,754.33
Capital outlay	383,691.00		680,935.13		1,064,626.13
Debt service:					
Principal				175,000.00	175,000.00
Interest				351,289.00	351,289.00
Total expenditures	<u>\$ 8,099,559.80</u>	<u>\$ 252,068.88</u>	<u>\$ 680,935.13</u>	<u>\$ 526,289.00</u>	<u>\$ 9,558,852.81</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (627,809.05)</u>	<u>\$</u>	<u>\$ (501,494.05)</u>	<u>\$ (60,655.00)</u>	<u>\$ (1,189,958.10)</u>
Other financing sources (uses):					
Operating transfer out	\$ (269,108.00)	\$	\$ (36.08)	\$	\$ (269,144.08)
Operating transfer in			269,108.00	36.08	269,144.08
Total financing sources(uses):	<u>\$ (269,108.00)</u>	<u>\$</u>	<u>\$ 269,071.92</u>	<u>\$ 36.08</u>	<u>\$</u>
Net change in fund balances	<u>\$ (896,917.05)</u>	<u>\$</u>	<u>\$ (232,422.13)</u>	<u>\$ (60,618.92)</u>	<u>\$ (1,189,958.10)</u>
Fund balances, July 1, 2009	1,709,651.04		1,128,221.95	64,714.05	2,902,587.04
Fund balances, June 30, 2010	<u>\$ 812,733.99</u>	<u>\$ -0-</u>	<u>\$ 895,799.82</u>	<u>\$ 4,095.13</u>	<u>\$ 1,712,628.94</u>

See accompanying notes to financial statements.

BOROUGH OF GARWOOD 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 change in fund balances - governmental funds (from B-2)	\$ (1,189,958.10)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.	
Depreciation expense	\$ (720,889.36)
Capital outlays	<u>1,064,626.13</u>
	343,736.77
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets and is not reported in the statements of activities.	
Paid - principal on bond	175,000.00
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.	
Proceeds from capital leases	0.00
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	
Payment of capital leases payable	9,546.79
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.	
	3,169.44
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 (+).	
Increase in compensated absences payable	<u>(19,510.00)</u>
Change in net assets of governmental activities	<u>\$ (678,015.10)</u>

See accompanying notes to financial statements.

OTHER FUNDS

BOROUGH OF GARWOOD SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND <u>FOOD</u> <u>SERVICE</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 36,573.39
Accounts receivable:	
State	154.42
Federal	2,545.12
Inventories	<u>1,503.96</u>
Total current assets	\$ <u>40,776.89</u>
Noncurrent assets:	
Furniture, machinery & equipment	\$ 2,419.99
Less accumulated depreciation	<u>(1,935.92)</u>
Total noncurrent assets	\$ <u>484.07</u>
Total assets	\$ <u><u>41,260.96</u></u>
LIABILITIES	
Current liabilities:	
Deferred revenue	\$ 724.01
Accounts payable	<u>4.06</u>
Total current liabilities	\$ <u>728.07</u>
Total liabilities	\$ <u>728.07</u>
NET ASSETS	
Invested in capital assets - net	\$ 484.07
Unrestricted	<u>40,048.82</u>
Total net assets	\$ <u><u>40,532.89</u></u>

BOROUGH OF GARWOOD SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND <u>FOOD</u> <u>SERVICE</u>
OPERATING REVENUES:	
Charges for services:	
Lunch Sales	\$ <u>65,748.44</u>
Total operating revenues	\$ <u>65,748.44</u>
OPERATING EXPENSES:	
Cost of sales	\$ 46,010.11
Salaries	28,416.18
Employee benefits	6,862.81
Other purchased services	7,000.00
Supplies and materials	344.25
Miscellaneous	2,865.49
Depreciation	<u>161.33</u>
Total operating expenses	\$ <u>91,660.17</u>
Operating income (loss)	\$ <u>(25,911.73)</u>
NONOPERATING REVENUES:(EXPENSES)	
State sources	
State school lunch program	\$ 1,774.74
Federal sources	
National school lunch program	29,262.38
National food distribution commodities	<u>4,263.46</u>
Total nonoperating revenues (expenses)	\$ <u>35,300.58</u>
Change in net assets	\$ 9,388.85
Total net assets - July 1	<u>31,144.04</u>
Total net assets - June 30	\$ <u><u>40,532.89</u></u>

BOROUGH OF GARWOOD SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u> <u>ENTERPRISE FUND</u> <u>FOOD</u> <u>SERVICE</u>
Cash flows from operating activities:	
Receipts from customers	\$ 65,748.44
Payments to employees	(28,416.18)
Payments to employee benefits	(6,862.81)
Payment to suppliers	<u>(56,323.38)</u>
Net cash provided (used for) by operating activities	\$ <u>(25,853.93)</u>
Cash flows from noncapital financing activities:	
State Sources	\$ 1,892.62
Federal Sources	<u>34,519.72</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>36,412.34</u>
Net increase (decrease) in cash and cash equivalents	\$ 10,558.41
Cash and cash equivalents- July 1	<u>26,014.98</u>
Cash and cash equivalents- June 30	\$ <u><u>36,573.39</u></u>
Operating income (loss)	\$ (25,911.73)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:	
Depreciation	161.33
Change in assets and liabilities:	
(Increase) Decrease in Inventory	(107.59)
Increase (Decrease) in accounts payable	<u>4.06</u>
Net cash provided (used) by operating activities	\$ <u><u>(25,853.93)</u></u>

BOROUGH OF GARWOOD SCHOOL DISTRICT
STATEMENTS OF FIDUCIARY NET ASSETS
JUNE 30, 2010

	<u>AGENCY FUNDS</u>		<u>STATE</u>
	<u>STUDENT</u> <u>ACTIVITY</u>	<u>PAYROLL &</u> <u>AGENCY</u>	<u>UNEMPLOYMENT</u> <u>COMPENSATION</u> <u>TRUST</u>
ASSETS			
Cash and cash equivalents	\$ 20,419.55	\$ 192,734.20	\$ 10,139.73
Intrafund receivable			5,302.98
	<hr/>	<hr/>	<hr/>
Total assets	\$ 20,419.55	\$ 192,734.20	\$ 15,442.71
LIABILITIES			
Due to student groups	\$ 20,276.32	\$	\$
Intrafund payable		5,302.98	
Interfund payable	143.23	187,431.22	
	<hr/>	<hr/>	<hr/>
Total liabilities	\$ 20,419.55	\$ 192,734.20	\$
NET ASSETS			
Reserve for state unemployment	\$	\$	\$ 15,442.71
	<hr/>	<hr/>	<hr/>
Total net assets	\$ -0-	\$ -0-	\$ 15,442.71
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BOROUGH OF GARWOOD SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>STATE</u> <u>UNEMPLOYMENT</u> <u>COMPENSATION</u> <u>TRUST</u>
ADDITIONS:	
Contributions:	
Withholdings	\$ 5,302.98
Total contributions	<u>\$ 5,302.98</u>
Investment earnings:	
Interest	\$ 3.14
Net investment earnings	<u>\$ 3.14</u>
Total additions	<u>\$ 5,306.12</u>
DEDUCTIONS:	
Trust expenditures	
Unemployment claims	\$ 2,762.01
Total deductions	<u>\$ 2,762.01</u>
Change in net assets	<u>\$ 2,544.11</u>
Net assets - July 1	<u>\$ 12,898.60</u>
Net assets - June 30	<u><u>\$ 15,442.71</u></u>

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Garwood School District have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

Reporting Entity

The Borough of Garwood School District is a Type II District located in Union County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary, middle and high schools located in the Borough of Garwood. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Basis of Accounting

The District's basic financial statements consist of District-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the District as a whole. 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 generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Assets presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

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

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment 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 Governments (other than major capital projects or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

Enterprise Fund - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service 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.

Fiduciary Fund Types -

Agency Funds - The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

Unemployment Compensation Insurance Trust Fund - A trust fund used to account for assets to finance the costs of unemployment benefits. Since the Board has adopted the direct reimbursement method, the District is under obligation to appropriate sufficient funds out of its general fund and hold them in trust for this purpose.

Payroll and Student Activities Funds (Agency) - These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The 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 monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Account Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 N.J.A.C. 6:20-2A.2(m)1. All budget amendments and transfers must be approved by School Board resolution. All budget amounts presented in the accompanying required supplementary information reflect the original annual budget and all legally authorized revisions, such as amendments and transfers, which represents the final or amended budget.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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 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.

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 records.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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 and capital projects 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.

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available expendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. 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.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & Computer Equipment	5-10
Instructional Equipment	10
Ground Equipment	15

Compensated Absences

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

District employees are granted varying amounts of sick days in accordance with the District's employment contract and personnel policy. The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick days that are expected to become eligible for payment upon retirement. The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive retirement payments.

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

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

Fund balance reserves are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unreserved fund balances represent the amount available for future budgetary operations.

Unrestricted retained earnings represent the remains of the District's equity in the cumulative earnings of the food service fund.

Deferred Revenue

Deferred revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable under generally accepted accounting principles.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Assets

Net Assets represent the difference between assets and liabilities. Net Assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves

The District reserves those portions of fund balance which are legally segregated for a specific future use of which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise funds are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function in the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately in the Statement of Activities.

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, certificates of deposits, deposits in the New Jersey Cash Management Fund, deposits in the governmental money market fund, deposits in the New Jersey Asset and Rebate Management Program and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), 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 the deposits to the governmental unit.

The Borough of Garwood School District had the following cash and cash equivalents at June 30, 2010.

	<u>Cash in Bank</u>
General Fund	\$ 163,450.20
Capital Projects Fund	306,019.30
Enterprise Fund	36,573.39
Fiduciary Fund	223,293.48
	<u>\$ 729,336.37</u>

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2010, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$138,215.38 was covered by Federal Depository Insurance and \$591,120.99 was on deposit with the New Jersey Cash Management Fund.

Investments

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2010 the District has \$591,120.99 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the District is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 3: CHANGE IN CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 210,806.00	\$ _____	\$ _____	\$ 210,806.00
Total capital assets that are not depreciated	<u>\$ 210,806.00</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 210,806.00</u>
Capital assets being depreciated:				
Building & Improvements	\$ 11,012,883.92	\$ 995,126.13	\$ _____	\$ 12,008,010.05
Machinery & Equipment	172,882.66	69,500.00	_____	242,382.66
Total capital assets being depreciated	<u>\$ 11,185,766.58</u>	<u>\$ 1,064,626.13</u>	<u>\$ _____</u>	<u>\$ 12,250,392.71</u>
Total gross assets	<u>\$ 11,396,572.58</u>	<u>\$ 1,064,626.13</u>	<u>\$ _____</u>	<u>\$ 12,461,198.71</u>
Less: accumulated depreciation for:				
Building & Improvements	\$ (1,869,289.78)	\$ (702,206.89)	\$ _____	\$ (2,571,496.67)
Machinery & Equipment	(89,735.95)	(18,682.47)	_____	(108,418.42)
	<u>\$ (1,959,025.73)</u>	<u>\$ (720,889.36)</u>	<u>\$ _____</u>	<u>\$ (2,679,915.09)</u>
Governmental activities capital assets, net	<u>\$ 9,437,546.85</u>	<u>\$ 343,736.77</u>	<u>\$ _____</u>	<u>\$ 9,781,283.62</u>
Business type activities:				
Machinery and equipment	\$ 2,419.99	\$ _____	\$ _____	\$ 2,419.99
Less: accumulated depreciation	(1,774.59)	(161.33)	_____	(1,935.92)
Proprietary fund capital assets, net	<u>\$ 645.40</u>	<u>\$ (161.33)</u>	<u>\$ _____</u>	<u>\$ 484.07</u>

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 3: CHANGE IN CAPITAL ASSETS

Governmental activities depreciation was charged to the following expense functions of the district:

Unallocated	\$ <u>720,889.36</u>
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NOTE 4: LONG-TERM DEBT

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

At June 30, 2010, the District had bonds authorized but not issued in the amount of \$765.00.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 4: LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2010.

	Bonds <u>Payable</u>	Compensated Absences <u>Payable</u>	Capital <u>Leases</u>	PERS Pension <u>Deferral</u>	<u>Total</u>
Balance June 30, 2009	\$ 8,084,000.00	\$ 59,590.00	\$ 43,358.53	\$ 20,764.00	\$ 8,207,712.53
Additions		19,510.00			19,510.00
	<u>\$ 8,084,000.00</u>	<u>\$ 79,100.00</u>	<u>\$ 43,358.53</u>	<u>\$ 20,764.00</u>	<u>\$ 8,227,222.53</u>
Deletions	175,000.00		9,546.79		184,546.79
	<u>\$ 7,909,000.00</u>	<u>\$ 79,100.00</u>	<u>\$ 33,811.74</u>	<u>\$ 20,764.00</u>	<u>\$ 8,042,675.74</u>
Balance June 30, 2010					
Amounts due within one year	<u>\$ 185,000.00</u>		<u>\$ 10,068.56</u>		<u>\$ 195,068.56</u>

Capital Leases Payable:

The Board has entered into a capital lease for copier equipment. The following is a schedule of the future minimum lease payments under capital lease, and the present value of the net minimum lease payments at June 30, 2010.

<u>Year</u>	<u>Amount</u>
2011	\$ 11,628.00
2012	11,628.00
2013	11,628.00
2014	<u>1,938.00</u>
Total Minimum Lease Payments	\$ 36,822.00
Less: Amounts Representing Interest	<u>(3,010.26)</u>
Present Value of Minimum Lease Payments	<u>\$ 33,811.74</u>

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 4: LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debt outstanding as of June 30, 2010, including interest payments on issued debt, are as follows:

Fiscal Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 185,000.00	\$ 344,089.00	\$ 529,089.00
2012	195,000.00	336,367.13	531,367.13
2013	205,000.00	328,117.13	533,117.13
2014	215,000.00	319,454.63	534,454.63
2015	225,000.00	310,379.63	535,379.63
2016	240,000.00	300,789.00	540,789.00
2017	250,000.00	290,682.75	540,682.75
2018	265,000.00	280,060.88	545,060.88
2019	280,000.00	268,820.26	548,820.26
2020	295,000.00	256,850.26	551,850.26
2021	310,000.00	244,067.76	554,067.76
2022	325,000.00	230,370.88	555,370.88
2023	340,000.00	215,781.50	555,781.50
2024	360,000.00	200,381.50	560,381.50
2025	380,000.00	184,006.50	564,006.50
2026	400,000.00	166,551.50	566,551.50
2027	420,000.00	148,101.50	568,101.50
2028	445,000.00	128,527.75	573,527.75
2029	465,000.00	107,709.00	572,709.00
2030	490,000.00	85,744.00	575,744.00
2031	515,000.00	62,629.00	577,629.00
2032	545,000.00	38,249.00	583,249.00
2033	559,000.00	12,857.00	571,857.00
	<u>\$ 7,909,000.00</u>	<u>\$ 4,860,587.56</u>	<u>\$ 12,769,587.56</u>

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 4: LONG-TERM DEBT (CONTINUED)

The Bonds Issued and Outstanding at year end are comprised of the following issues:

School Bonds

\$8,839,000.00 of 2002 School Bonds
 due in annual installments of \$135,000.00 to \$559,000.00
 through July 2032 at variable interest rates of 4% to 4.6% \$ 7,909,000.00

Under New Jersey Statutes the District may incur debt in an amount not to exceed 3% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2010, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	Equalized Valuation of Real Property
2009	\$697,370,398.00
2008	684,187,407.00
2007	641,882,457.00
	<u>\$2,023,440,262.00</u>
Average equalized valuation of property	\$674,480,087.33
School borrowing margin (3% of \$638,918,857.33)	20,234,402.62
Net bonded school debt and authorized but not issued as of June 30, 2010	<u>7,909,765.00</u>
School borrowing power available	<u>\$12,324,637.62</u>

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 5: PENSION PLANS

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

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

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

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 5: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions - Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the member's accounts.

Significant Legislation – Chapter 103, P.L. 2007 changed the contribution rate of the TPAF and PERS to 5.5% of annual compensation; imposed an annual maximum contribution base for members hired on or after July 1, 2007; and amended the early retirement reduction formula for new members. Any members of the system enrolled on or after July 1, 2007 must be at least 60 years of age in order to retire without a reduction in their retirement allowance. In addition, the funding of the post-retirement medical benefits through the TPAF was eliminated. Chapter 92, P.L. 2007 changed the pension loan interest rate to 4.69% per annum. The legislation also removed language from the existing law that permitted the State Treasurer to reduce employer pension contributions needed to fund the system when excess assets are available.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions 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 contributions of 5% 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, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements

<u>Year</u> <u>June 30,</u>	<u>Three-Year Trend Information for PERS</u>		<u>Net Pension</u> <u>Obligation</u>
	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	
2010	\$ 55,220.66	100.00%	\$ - 0 -
2009	46,690.00	55.53%	20,764.00
2008	32,272.00	100.00%	- 0 -

During the fiscal years ended June 30, 2010 and 2009, the State of New Jersey did not contribute to the TPAF pension system on behalf of the District. The on-behalf TPAF pension contribution for 2008 was \$334,539.

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$172,277.22 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 6: OTHER POST-RETIREMENT BENEFITS

For eligible retired employees, the School District participates in 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 N.J.S.A. 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 State Health Benefits Commission is the executive body established by 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.

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on state disability retirement. P.L. 2007, Chapter 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State made post-retirement (PRM) contributions of \$1.38 billion for fiscal year 2009 and \$3.22 million for fiscal year 2008.

The State is also responsible for the cost attributable to Chapter 126, P.L. 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. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 6: OTHER POST-RETIREMENT BENEFITS (CONTINUED)

The State will set the contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2010, 2009, and 2008 were \$137,627, \$142,258, \$153,220, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 7: LITIGATION

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

NOTE 8: CONTINGENCIES

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2009-2010 fiscal year were subject to the U.S. OMB A-133 and New Jersey OMB Circular 04-04 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 9: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The District maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-10	\$ 3.14	\$ 5,302.98	\$ 2,762.01	\$ 15,442.71
2008-09	136.28	5,221.63	2,509.92	12,898.60
2007-08	251.56	4,639.69	1,552.92	10,050.61

NOTE 10: FUND BALANCE APPROPRIATED

General Fund - Of the \$812,733.99 in General Fund Balance at June 30, 2010, \$21,209.73 has been reserved for encumbrances; \$163,450.20 has been reserved in the Capital Reserve Account; \$580,039 has been appropriated and included as anticipated revenue for the year ended June 30, 2011; and \$48,035.06 is unreserved and undesignated.

NOTE 11: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c73 (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 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 resulting from the year ended June 30, 2010 is \$-0-.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 12: CAPITAL RESERVE ACCOUNT

A capital reserve account was originally established by the Borough of Garwood School District by inclusion of \$180,005.00 in the fiscal year 2001 budget, 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. The balance remaining in the reserve as of June 30, 2010 is \$163,450.20.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-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.

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follows:

Beginning balance, July 1, 2009	\$	431,755.06
Increased by:		
Interest earnings		803.14
		432,558.20
Decreased by:		
Transfer to capital projects		269,108.00
		269,108.00
Ending balance, June 30, 2010	\$	163,450.20

The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

Borough of Garwood School District
Notes to the Financial Statements
June 30, 2010

NOTE 13: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans 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. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2010.

NOTE 14: INTERFUNDS

The following interfund balances remained on the District's balance sheet at June 30, 2010:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General Fund	\$ 227,645.51	\$ 70,206.35
Special Revenue Fund		40,071.06
Capital Projects Fund	240,006.22	
Debt Service Fund		169,799.87
Fiduciary Fund		187,574.45
	<u>\$ 467,651.73</u>	<u>\$ 467,651.73</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between the funds were made.

NOTE 15: INVENTORY

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

Food, Commodities, and Supplies \$1,503.96

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 non-operating revenue in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION – Part II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF GARWOOD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local sources:					
Local tax levy	\$ 6,279,668.00	\$	\$ 6,279,668.00	\$ 6,279,668.00	\$
Unrestricted miscellaneous	55,000.00		55,000.00	43,687.14	(11,312.86)
Capital Reserve	428,513.00		428,513.00	269,108.00	(159,405.00)
Interest earned on capital reserve				803.14	803.14
Total revenues-local sources	\$ 6,763,181.00	\$	\$ 6,763,181.00	\$ 6,593,266.28	\$ (169,914.72)
State sources:					
Categorical special education aid	\$ 305,404.00	\$	\$ 305,404.00	\$ 273,086.00	\$ (32,318.00)
Equalization Aid	136,862.00	(24,833.00)	112,029.00	73,785.00	(38,244.00)
Categorical security aid	39,744.00		39,744.00	25,834.00	(13,910.00)
Categorical transportation aid	158,176.00		158,176.00	102,814.00	(55,362.00)
Extraordinary aid	96,563.00		96,563.00	65,024.00	(31,539.00)
Non-public transportation aid				2,971.00	2,971.00
On-behalf TPAF post retirement contribution (non-budgeted)				144,955.00	144,955.00
Reimbursed TPAF social security cont. (non-budgeted)				172,212.47	172,212.47
Total - state sources	\$ 736,749.00	\$ (24,833.00)	\$ 711,916.00	\$ 860,681.47	\$ 148,765.47
Federal sources:					
ARRA - ESF	\$	\$ 23,908.00	\$ 23,908.00	\$ 23,908.00	\$
ARRA - GSF		925.00	925.00	925.00	
Total - federal sources	\$	\$ 24,833.00	\$ 24,833.00	\$ 24,833.00	\$
Total revenues	\$ 7,499,930.00	\$	\$ 7,499,930.00	\$ 7,478,780.75	\$ (21,149.25)
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool	\$ 69,296.00	\$ 100.00	\$ 69,396.00	\$ 69,350.90	\$ 45.10
Kindergarten	97,154.00	500.00	97,654.00	97,604.00	50.00
Grades 1-5	751,726.00	3,090.00	754,816.00	752,738.50	2,077.50
Grades 6-8	504,208.00	31,377.58	535,585.58	505,696.66	29,888.92
Regular programs - home instruction:					
Salaries of teachers	4,000.00	4,000.00	8,000.00	5,080.00	2,920.00
Regular programs - undistributed instruction:					
Other salaries for instruction	111,136.00	9,192.39	120,328.39	113,904.69	6,423.70
Purchased technical services	3,300.00		3,300.00	3,300.00	
Other purchased services (400-500 series)	250.00		250.00	116.13	133.87
General supplies	87,625.00	4,173.93	91,798.93	81,132.59	10,666.34
Textbooks	20,000.00		20,000.00	5,872.96	14,127.04
Other objects	7,000.00	2,104.50	9,104.50	9,104.50	
Total regular programs	\$ 1,655,695.00	\$ 54,538.40	\$ 1,710,233.40	\$ 1,643,900.93	\$ 66,332.47

BOROUGH OF GARWOOD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Resource room:					
Salaries of teachers	\$ 273,663.00	\$ 23,349.00	\$ 300,012.00	\$ 273,687.98	\$ 26,324.02
Other salaries for instruction		24,929.43	24,929.43	12,290.25	12,639.18
General supplies	3,500.00		3,500.00	327.22	3,172.78
Textbooks	1,000.00		1,000.00	482.04	517.96
Total resource room	\$ 281,163.00	\$ 48,278.43	\$ 329,441.43	\$ 286,787.49	\$ 42,653.94
Preschool Disabilities - full-time:					
Salaries of teachers	\$ 55,590.00	\$ (5,000.00)	\$ 50,590.00	\$	\$ 50,590.00
Other salaries for instruction	300.00		300.00		300.00
Total Preschool Disabilities - full-time:	\$ 55,890.00	\$ (5,000.00)	\$ 50,890.00	\$	\$ 50,890.00
Total special education	\$ 337,053.00	\$ 43,278.43	\$ 380,331.43	\$ 286,787.49	\$ 93,543.94
Basic skills/remedial:					
Salaries of teachers	\$	15,334.80	15,334.80	15,334.80	\$
Total basic skills/remedial	\$	15,334.80	15,334.80	15,334.80	\$
Bilingual education:					
Salaries of teachers	\$	3,100.00	3,100.00	\$	\$ 3,100.00
Total bilingual education	\$	3,100.00	3,100.00	\$	\$ 3,100.00
School sponsored cocurricular activities:					
Salaries	\$ 17,716.00	\$ 4,000.00	\$ 21,716.00	\$ 21,577.37	\$ 138.63
Supplies and Materials	300.00		300.00		300.00
Other objects	200.00		200.00		200.00
Total school sponsored cocurricular activities	\$ 18,216.00	\$ 4,000.00	\$ 22,216.00	\$ 21,577.37	\$ 638.63
School sponsored athletics:					
Salaries	\$ 17,284.00	\$ 2,697.84	\$ 19,981.84	\$ 19,455.43	\$ 526.41
Purchased services (300-500 series)	3,250.00		3,250.00	3,000.00	250.00
Supplies and materials	1,400.00		1,400.00	175.49	1,224.51
Total school sponsored athletics	\$ 21,934.00	\$ 2,697.84	\$ 24,631.84	\$ 22,630.92	\$ 2,000.92
Total other instructional programs	\$ 40,150.00	\$ 25,132.64	\$ 65,282.64	\$ 59,543.09	\$ 5,739.55
Total - instruction	\$ 2,032,698.00	\$ 122,949.47	\$ 2,155,647.47	\$ 1,980,231.51	\$ 165,615.96

BOROUGH OF GARWOOD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undistributed expenditures:					
Instruction:					
Tuition to other LEA's within the state-regular	\$ 1,963,258.00	\$ (36,760.00)	\$ 1,926,498.00	\$ 1,926,498.00	\$
Tuition to other LEA's within the state-special	545,944.00	(24,567.00)	521,377.00	521,376.11	0.89
Tuition to CDDS & Regular Day Schools	66,255.00	(20,145.00)	46,110.00	46,110.00	
Tuition to private school for the disabled within state	303,284.00	(82,704.00)	220,580.00	220,579.53	0.47
Total undistributed expenditures - instruction	\$ 2,878,741.00	\$ (164,176.00)	\$ 2,714,565.00	\$ 2,714,563.64	\$ 1.36
Attendance & Social Work:					
Salaries	\$ 11,000.00	\$	\$ 11,000.00	\$ 11,000.00	\$
Purchased professional and technical services	3,500.00	(3,500.00)			
Total attendance & social work	\$ 14,500.00	\$ (3,500.00)	\$ 11,000.00	\$ 11,000.00	\$
Health services:					
Salaries	\$ 66,086.00	\$ 2,218.53	\$ 68,304.53	\$ 67,508.14	\$ 796.39
Other purchased services	5,250.00	(1,916.89)	3,333.11	2,905.11	428.00
Supplies and materials	2,000.00		2,000.00	1,037.51	962.49
Total health services	\$ 73,336.00	\$ 301.64	\$ 73,637.64	\$ 71,450.76	\$ 2,186.88
Other support services - student related services:					
Salaries	\$ 92,799.00	\$ 2,500.00	\$ 95,299.00	\$ 95,282.91	\$ 16.09
Purchased professional - educational services	30,000.00	(27,861.00)	2,139.00	2,138.60	0.40
Supplies and materials	3,500.00		3,500.00	851.06	2,648.94
Other objects	1,050.00		1,050.00	1,050.00	
Total other support services - students related services	\$ 127,349.00	\$ (25,361.00)	\$ 101,988.00	\$ 98,272.57	\$ 3,715.43
Other support services - students - regular:					
Salaries of other professional staff	\$ 35,615.00	\$	\$ 35,615.00	\$ 35,615.00	\$
Other purchased professional and technical services	3,000.00		3,000.00	1,358.17	1,641.83
Supplies and materials	1,600.00		1,600.00	1,600.00	
Total other support services - students - regular	\$ 40,215.00	\$	\$ 40,215.00	\$ 36,973.17	\$ 3,241.83

BOROUGH OF GARWOOD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Other support services - students - special services:					
Salaries of other professional staff	\$ 198,943.00	\$	198,943.00	\$ 198,943.00	\$
Salaries of secretarial and clerical assistants	28,623.00	1,594.13	30,217.13	28,646.10	1,571.03
Other purchased professional-educational services	2,500.00	1,000.00	3,500.00	3,313.50	186.50
Other purchased professional and technical services	8,000.00		8,000.00	7,030.00	970.00
Misc. purchased services (400-500 series)	2,750.00	(1,500.00)	1,250.00	664.44	585.56
Supplies and materials	2,500.00		2,500.00	1,753.27	746.73
Other objects	350.00		350.00	149.00	201.00
Total other support services - students - special services	\$ 243,666.00	\$ 1,094.13	\$ 244,760.13	\$ 240,499.31	\$ 4,260.82
Improvement of instructional services:					
Salaries of supervisor of instruction	\$ 26,310.00	\$ 18,900.00	\$ 45,210.00	\$ 27,360.00	\$ 17,850.00
Salaries of other professional staff	8,610.00		8,610.00	8,610.00	
Other objects	800.00		800.00		800.00
Total improvement of instructional services	\$ 35,720.00	\$ 18,900.00	\$ 54,620.00	\$ 35,970.00	\$ 18,650.00
Educational media services/school library					
Salaries	\$ 1,500.00	\$ 203.04	\$ 1,703.04	\$ 1,500.00	\$ 203.04
Supplies and materials	500.00		500.00		500.00
Total educational media services/school library	\$ 2,000.00	\$ 203.04	\$ 2,203.04	\$ 1,500.00	\$ 703.04
Instructional staff training services:					
Salaries of other professional staff	\$ 2,250.00	\$ 1,300.00	\$ 3,550.00	\$ 3,550.00	\$
Other purchased professional and technical services	2,000.00	(1,300.00)	700.00		700.00
Supplies and materials	500.00		500.00		500.00
Total instructional staff training services	\$ 4,750.00	\$	\$ 4,750.00	\$ 3,550.00	\$ 1,200.00
Support services general administration:					
Salaries	\$ 121,460.00	\$ 10,895.68	\$ 132,355.68	\$ 126,329.93	\$ 6,025.75
Legal services	55,508.00	(29,163.49)	26,344.51	22,221.00	4,123.51
Audit fees	18,000.00		18,000.00	17,606.76	393.24
Other purchased professional services	1,000.00		1,000.00		1,000.00
Communications/Telephone	26,000.00		26,000.00	22,939.67	3,060.33
BOE Other Purchased Service	7,000.00		7,000.00	10,276.19	6,728.18
Other purchased services (400-500)	20,000.00	3,276.19	23,276.19	13,271.82	10,004.37
General supplies	3,000.00		3,000.00	2,999.12	0.88
Miscellaneous expenditures	4,000.00		4,000.00	3,638.51	361.49
BOE membership dues and fees	7,000.00		7,000.00	5,663.00	1,337.00
Total support services general administration	\$ 262,968.00	\$ (14,991.62)	\$ 247,976.38	\$ 221,946.00	\$ 23,030.38

BOROUGH OF GARWOOD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Support services school administration:					
Salaries of principals/asst. principals	\$ 103,286.00	\$ 3,600.00	\$ 106,886.00	\$ 106,831.50	\$ 54.50
Salaries of secretarial and clerical assistants	49,035.00	4,700.00	53,735.00	53,680.02	54.98
Other purchased services (400-500 series)	26,500.00	(6,996.28)	19,503.72	13,179.71	6,324.01
Supplies and materials	6,000.00		6,000.00	4,636.51	1,363.49
Other objects	1,500.00		1,500.00	1,333.00	167.00
Total support services school administration	\$ 186,321.00	\$ 1,303.72	\$ 187,624.72	\$ 179,660.74	\$ 7,963.98
Central services:					
Salaries	\$ 38,874.00	\$ 1,600.00	\$ 40,474.00	\$ 40,427.61	\$ 46.39
Misc. purchased services (400-500 series)	68,000.00	(1,600.00)	66,400.00	66,025.63	374.37
Supplies and materials	2,450.00		2,450.00	2,379.32	70.68
Miscellaneous expenditures	4,300.00		4,300.00	1,800.25	2,499.75
Total central services:	\$ 113,624.00	\$	\$ 113,624.00	\$ 110,632.81	\$ 2,991.19
Admin. Info. Technology:					
Salaries	\$ 14,622.00	\$ 0.40	\$ 14,622.40	\$ 14,622.00	\$ 0.40
Purchased technical services	21,000.00	208.38	21,208.38	21,208.38	
Total admin. info. technology	\$ 35,622.00	\$ 208.78	\$ 35,830.78	\$ 35,830.38	\$ 0.40
Total Central Services & Admin Info Technology	\$ 149,246.00	\$ 208.78	\$ 149,454.78	\$ 146,463.19	\$ 2,991.59
Required maintenance for school facilities:					
Salaries	\$ 23,836.00	\$ 1,000.00	\$ 24,836.00	\$ 24,803.84	\$ 32.16
Cleaning, repair and maintenance services	65,400.00	(12,000.00)	53,400.00	50,340.29	3,059.71
General supplies	13,650.00	1,334.20	14,984.20	11,508.16	3,476.04
Total required maintenance for school facilities	\$ 102,886.00	\$ (9,665.80)	\$ 93,220.20	\$ 86,652.29	\$ 6,567.91
Other operation and maint. of plant:					
Salaries	\$ 260,623.00	\$ 35,693.35	\$ 296,316.35	\$ 285,015.41	\$ 11,300.94
Purchased professional and technical services	1,400.00		1,400.00	25.00	1,375.00
Cleaning, repair and maint. services	7,000.00	1,778.48	8,778.48	5,250.62	3,527.86
Other purchased property services	9,300.00	(7,038.00)	2,262.00	874.01	1,387.99
insurance	28,000.00	7,038.00	35,038.00	35,038.00	
Miscellaneous Purchased Services	1,500.00		1,500.00	732.00	768.00
General supplies	38,500.00	56.36	38,556.36	36,505.67	2,050.69
Energy (heat and electricity)	195,000.00		195,000.00	166,871.28	28,128.72
Total other operation and maint. of plant:	\$ 541,323.00	\$ 37,528.19	\$ 578,851.19	\$ 530,311.99	\$ 48,539.20
Operation and Maintenance of Plant Services	\$ 644,209.00	\$ 27,862.39	\$ 672,071.39	\$ 616,964.28	\$ 55,107.11

BOROUGH OF GARWOOD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL BUDGET	BUDGET TRANSFERS/ ENCUMBRANCES	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Student transportation services:					
Sal. for pupil Trans. (between home & school) - Reg.	\$ 20,000.00	\$ (20,000.00)	\$ 10,000.00	\$ 5,475.69	\$ 4,524.31
Cleaning, repair, & maintenance services	10,000.00		20,000.00		20,000.00
Lease purchase payments - school buses	20,000.00		130,600.00	98,379.61	32,220.39
Contracted services (between home & school)-vendors	136,000.00	(5,400.00)	238,000.00	238,000.00	
Contracted services (Spec. Ed. Students) - ESC's & CTSA's	240,000.00	(2,000.00)	16,800.00	15,028.00	1,772.00
Contracted services - aid in lieu of payments	16,000.00	800.00	2,000.00	1,186.00	814.00
General Supplies	2,000.00		1,500.00		1,500.00
Other Objects	1,500.00		418,900.00	358,069.30	60,830.70
Total student transportation services	\$ 445,500.00	\$ (26,600.00)	\$ 418,900.00	\$ 358,069.30	\$ 60,830.70
Unallocated benefits - employee benefits:					
Social security contributions	\$ 66,500.00	\$	\$ 66,500.00	\$ 66,500.00	\$
Other retirement contributions - regular	60,000.00		60,000.00	55,220.66	4,779.34
Workers compensation	45,000.00		45,000.00	44,656.00	344.00
Health benefits	474,492.00	55,055.00	529,547.00	501,605.20	27,941.80
Tuition reimbursements	2,450.00		2,450.00		2,450.00
Other employee benefits	1,000.00		1,000.00	605.00	395.00
Total unallocated benefits - employee benefits:	\$ 649,442.00	\$ 55,055.00	\$ 704,497.00	\$ 668,586.86	\$ 35,910.14
On -behalf TPAF post retirement contribution (non-budgeted)					
Reimbursed TPAF social security cont. (non-budgeted)				\$ 144,955.00	\$ (144,955.00)
				172,212.47	(172,212.47)
				317,167.47	(317,167.47)
Total Undistributed Expenditures	\$ 5,757,963.00	\$ (129,699.92)	\$ 5,628,263.08	\$ 5,725,637.29	\$ (97,374.21)
TOTAL EXPENDITURES - CURRENT EXPENSE FUND 11	\$ 7,790,861.00	\$ (6,750.45)	\$ 7,784,110.55	\$ 7,715,868.80	\$ 68,241.75
CAPITAL OUTLAY:					
Architectural / Engineering Services	\$ 85,703.00	\$ (61,530.00)	\$ 24,173.00	\$	\$ 24,173.00
Construction Services	342,810.00	264,264.00	607,074.00	383,691.00	223,383.00
TOTAL CAPITAL OUTLAY	\$ 428,513.00	\$ 202,734.00	\$ 631,247.00	\$ 383,691.00	\$ 247,556.00
TOTAL EXPENDITURES	\$ 8,219,374.00	\$ 195,983.55	\$ 8,415,357.55	\$ 8,099,559.80	\$ 315,797.75
Excess (deficiency) of revenues Over (under) expenditures	\$ (719,444.00)	\$ (195,983.55)	\$ (915,427.55)	\$ (620,779.05)	\$ 294,648.50
Other financing sources (uses):					
Transfer to Capital Projects Fund				(269,108.00)	(269,108.00)
Total other financing sources (uses)				(269,108.00)	(269,108.00)

BOROUGH OF GARWOOD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2010

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ ENCUMBRANCES</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
Excess (deficiency) of revenues and other financing sources	\$ (719,444.00)	\$ (195,983.55)	\$ (915,427.55)	\$ (889,887.05)	\$ 25,540.50
Over(under) expenditures and other financing sources(uses)	\$ 1,766,645.04	\$	\$ 1,766,645.04	\$ 1,766,645.04	\$
Fund balance, July 1	\$ 1,047,201.04	\$ (195,983.55)	\$ 851,217.49	\$ 876,757.99	\$ 25,540.50
Fund balance, June 30					
Recapitulation:					
Reserve for encumbrances				\$ 21,209.73	
Capital reserve				163,450.20	
Prior year excess fund balance - designated for subsequent year's expenditures				128,877.43	
Unrestricted - designated for subsequent year's expenditures				451,161.57	
Unrestricted Fund Balance				112,059.06	
				\$ 876,757.99	
Reconciliation to Government Fund Statements					
Last State aid payments not recognized on GAAP basis				\$ (64,024.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 812,733.99	

BOROUGH OF GARWOOD SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND - ARRA ESE
 FOR FISCAL YEARS ENDED JUNE 30, 2010

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
Federal sources		\$23,908.00	\$23,908.00	\$23,908.00	\$0.00
Total revenues		\$23,908.00	\$23,908.00	\$23,908.00	\$0.00
EXPENDITURES:					
Resource room:					
Salaries of teachers		\$23,908.00	\$23,908.00	\$23,908.00	\$0.00
Total resource room		\$23,908.00	\$23,908.00	\$23,908.00	\$0.00
Total expenditures		\$23,908.00	\$23,908.00	\$23,908.00	\$0.00

BOROUGH OF GARWOOD SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND - ARRA GSE
 FOR FISCAL YEARS ENDED JUNE 30, 2010

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Federal sources		\$925.00	\$925.00	\$925.00	\$0.00
Total revenues		\$925.00	\$925.00	\$925.00	\$0.00
EXPENDITURES:					
Resource room:					
Salaries of teachers		\$925.00	\$925.00	\$925.00	\$0.00
Total resource room		\$925.00	\$925.00	\$925.00	\$0.00
Total expenditures		\$925.00	\$925.00	\$925.00	\$0.00

BOROUGH OF GARWOOD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR FISCAL YEARS ENDED JUNE 30, 2009

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
Federal sources	\$ 174,844.00	\$ 122,967.00	\$ 297,811.00	\$ 252,010.00	\$ 45,801.00
Other sources		2,495.41	2,495.41	1,667.88	827.53
Total revenues	<u>\$ 174,844.00</u>	<u>\$ 125,462.41</u>	<u>\$ 300,306.41</u>	<u>\$ 253,677.88</u>	<u>\$ 46,628.53</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 51,531.00	\$ 41,421.00	\$ 92,952.00	\$ 68,838.00	\$ 24,114.00
Purchased professional & technical services		221.00	221.00	221.00	
Other purchased services	119,869.00	(1,480.00)	118,389.00	118,389.00	
General supplies	3,444.00	56,798.41	60,242.41	48,978.88	11,263.53
Total instruction	<u>\$ 174,844.00</u>	<u>\$ 96,960.41</u>	<u>\$ 271,804.41</u>	<u>\$ 236,426.88</u>	<u>\$ 35,377.53</u>
Support services:					
Other salaries		\$ 662.00	\$ 662.00	\$ 662.00	
Purchased professional & technical services		3,612.00	3,612.00	2,184.00	1,428.00
Personal services - employee benefits		19,228.00	19,228.00	14,405.00	4,823.00
Total support services	<u>\$</u>	<u>\$ 23,502.00</u>	<u>\$ 23,502.00</u>	<u>\$ 17,251.00</u>	<u>\$ 6,251.00</u>
Facilities acquisition & construction services:					
Equipment		\$ 5,000.00	\$ 5,000.00	\$	\$ 5,000.00
Total expenditures	<u>\$ 174,844.00</u>	<u>\$ 125,462.41</u>	<u>\$ 300,306.41</u>	<u>\$ 253,677.88</u>	<u>\$ 46,628.53</u>

BOROUGH OF GARWOOD SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 7,478,780.75	\$ 253,677.88
Difference - budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.		(1,609.00)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	56,994.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(64,024.00)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 7,471,750.75	\$ 252,068.88
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$ 7,615,225.19	\$ 253,677.88
Difference - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial purposes		(1,609.00)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 7,615,225.19	\$ 252,068.88

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

BOROUGH OF GARWOOD SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Title I Part A	Title II Part A	Title II Part D	Title IV	IDEA Basic	IDEA Preschool
REVENUES:						
State sources	\$ 22,115.00	18,389.00	221.00	\$ 795.00	115,005.00	3,384.00
Federal sources						
Other sources						
Total revenues	\$ 22,115.00	\$ 18,389.00	\$ 221.00	\$ 795.00	\$ 115,005.00	\$ 3,384.00
EXPENDITURES:						
Instruction:						
Salaries of teachers	\$ 17,507.00	15,324.00	\$	\$	\$	\$
Other salaries for instruction			221.00			
Purchased professional & technical services				1.00	115,005.00	3,384.00
Other purchased services						
General supplies						
Total instruction	\$ 17,507.00	\$ 15,324.00	\$ 221.00	\$ 1.00	\$ 115,005.00	\$ 3,384.00
Support services:						
Other salaries	\$ 1,107.00			662.00	\$	\$
Purchased professional & technical services	3,501.00	3,065.00		132.00		
Personal services - employee benefits						
Other purchased services						
Total support services	\$ 4,608.00	\$ 3,065.00	\$	\$ 794.00	\$	\$
Total expenditures	\$ 22,115.00	\$ 18,389.00	\$ 221.00	\$ 795.00	\$ 115,005.00	\$ 3,384.00

BOROUGH OF GARWOOD SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	IDEA Basic - ARRA	Title I		Title II		EFG Grant Current & Prior	COMPARATIVE TOTALS (MEMORANDUM ONLY)	
		Part A - Prior		TOTAL 2010	TOTAL 2009			
REVENUES:								
State sources	\$ 78,373.00						\$ 100.00	
Federal sources		1,077.00		12,651.00			252,010.00	192,615.45
Other sources						1,667.88	1,667.88	5,863.81
Total revenues	\$ 78,373.00	\$ 1,077.00	\$ 12,651.00	\$ 12,651.00	\$ 1,667.88	\$ 1,667.88	\$ 253,677.88	\$ 198,579.26
EXPENDITURES:								
Instruction:								
Salaries of teachers	\$ 25,886.00						\$ 21,618.86	3,770.00
Other salaries for instruction				10,121.00			68,838.00	417.00
Purchased professional & technical services							221.00	118,389.00
Other purchased services	47,310.00						118,389.00	123,313.00
General supplies						1,667.88	48,978.88	5,863.81
Total instruction	\$ 73,196.00	\$ 1,077.00	\$ 10,121.00	\$ 10,121.00	\$ 1,667.88	\$ 1,667.88	\$ 236,426.88	\$ 154,982.67
Support services:								
Other salaries	\$ 5,177.00	1,077.00					\$ 662.00	2,330.61
Purchased professional & technical services				2,530.00			2,184.00	160.00
Personal services - employee benefits							14,405.00	41,105.98
Other purchased services								
Total support services	\$ 5,177.00	\$ 1,077.00	\$ 2,530.00	\$ 2,530.00	\$ 17,251.00	\$ 17,251.00	\$ 43,596.59	
Total expenditures	\$ 78,373.00	\$ 1,077.00	\$ 12,651.00	\$ 12,651.00	\$ 1,667.88	\$ 1,667.88	\$ 253,677.88	\$ 198,579.26

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.

BOROUGH OF GARWOOD SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

REVENUES AND OTHER FINANCING SOURCES:	
Interest earned	\$ 36.08
State Grants	179,405.00
Transfer From Capital Outlay	<u>269,108.00</u>
Total revenues and other financing sources	<u>\$ 448,549.08</u>
EXPENDITURES AND OTHER FINANCING USES:	
Construction services	\$ 656,158.29
Professional & technical services	48,152.84
Operating transfers out - debt service fund	<u>36.08</u>
Total expenditures and other financing uses	<u>\$ 704,347.21</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (255,798.13)
Fund balance - July 1	<u>1,128,221.95</u>
Fund balance - June 30	<u>\$ 872,423.82</u>
Expenditures - budgetary basis	\$ 704,347.21
Add: prior year encumbrances	-0-
	<u>\$ 704,347.21</u>
Less: current year encumbrances	<u>(23,376.00)</u>
Expenditures - GAAP basis (B-2)	<u>\$ 680,971.21</u>

BOROUGH OF GARWOOD SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - LINCOLN/FRANKLIN SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - Grant	\$ 3,147,835.00	\$	\$ 3,147,835.00	\$ 3,147,835.00
Bond proceeds and transfers	<u>8,370,400.00</u>	<u> </u>	<u>8,370,400.00</u>	<u>8,370,400.00</u>
Total revenues and other financing sources	<u>\$ 11,518,235.00</u>	<u>\$</u>	<u>\$ 11,518,235.00</u>	<u>\$ 11,518,235.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	\$ 1,171,899.72	\$	\$ 1,171,899.72	\$ 1,918,235.00
Construction services	<u>9,301,093.43</u>	<u>257,531.00</u>	<u>9,558,624.43</u>	<u>9,600,000.00</u>
Total expenditures and other financing uses	<u>\$ 10,472,993.15</u>	<u>\$ 257,531.00</u>	<u>\$ 10,730,524.15</u>	<u>\$ 11,518,235.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,045,241.85</u>	<u>\$ (257,531.00)</u>	<u>\$ 787,710.85</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	SP# 232027			
Grant date	3/20/02			
Bond authorization date	9/15/02			
Bonds authorized	\$8,370,400.00			
Bonds issued	\$8,370,400.00			
Original authorized cost	\$11,518,235.00			
Additional authorized cost	N/A			
Revised authorized cost	\$11,518,235.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	99.00%			
Original target completion date	8/31/03			
Revised target completion date	6/30/11			

BOROUGH OF GARWOOD SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - WASHINGTON SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - Grant	\$ 312,400.00	\$	\$ 312,400.00	\$ 312,400.00
Bond proceeds and transfers	<u>468,600.00</u>	<u> </u>	<u>468,600.00</u>	<u>468,600.00</u>
Total revenues and other financing sources	<u>\$ 781,000.00</u>	<u>\$</u>	<u>\$ 781,000.00</u>	<u>\$ 781,000.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	\$ 83,307.79	\$	\$ 83,307.79	\$ 83,307.79
Construction services	<u>614,712.11</u>	<u> </u>	<u>614,712.11</u>	<u>697,692.21</u>
Total expenditures and other financing uses	<u>\$ 698,019.90</u>	<u>\$</u>	<u>\$ 698,019.90</u>	<u>\$ 781,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 82,980.10</u>	<u>\$</u>	<u>\$ 82,980.10</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	SP# 222027			
Grant date	3/20/02			
Bond authorization date	9/15/02			
Bonds authorized	\$468,600.00			
Bonds issued	\$468,600.00			
Original authorized cost	\$781,000.00			
Additional authorized cost	N/A			
Revised authorized cost	\$781,000.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	99.00%			
Original target completion date	12/31/02			
Revised target completion date	6/30/11			

BOROUGH OF GARWOOD SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - LINCOLN/FRANKLIN SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - Grant	\$	\$ 171,405.00	\$ 171,405.00	\$ 171,405.00
Transfer from capital outlay		257,108.00	257,108.00	257,108.00
Total revenues and other financing sources	\$	\$ 428,513.00	\$ 428,513.00	\$ 428,513.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	\$	\$ 94,513.00	\$ 94,513.00	\$ 94,513.00
Construction services		332,267.13	332,267.13	334,000.00
Total expenditures and other financing uses	\$	\$ 426,780.13	\$ 426,780.13	\$ 428,513.00
Excess (deficiency) of revenues over (under) expenditures	\$	\$ 1,732.87	\$ 1,732.87	
ADDITIONAL PROJECT INFORMATION:				
Project number	SP# 1710-050-09-1001			
Grant date	7/1/09			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$428,513.00			
Additional authorized cost	N/A			
Revised authorized cost	\$428,513.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	99.00%			
Original target completion date	6/30/10			
Revised target completion date	6/30/11			

BOROUGH OF GARWOOD SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - WASHINGTON SCHOOL - DOORS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - Grant	\$	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00
Transfer from capital outlay		12,000.00	12,000.00	12,000.00
Total revenues and other financing sources	\$	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	\$	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00
Construction services		15,500.00	15,500.00	15,500.00
Total expenditures and other financing uses	\$	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
Excess (deficiency) of revenues over (under) expenditures	\$	\$	\$	
ADDITIONAL PROJECT INFORMATION:				
Project number	SP# 1710-070-09-1002			
Grant date	7/1/09			
Bond authorization date	N/A			
Bonds authorized	N/A			
Bonds issued	N/A			
Original authorized cost	\$20,000.00			
Additional authorized cost	N/A			
Revised authorized cost	\$20,000.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			
Original target completion date	6/30/10			
Revised target completion date	N/A			

BOROUGH OF GARWOOD SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>ISSUE / PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>APPROPRIATION</u>	<u>EXPENDITURES TO DATE</u>		<u>(MEMO ONLY) UNEXPENDED BALANCE JUNE 30, 2010</u>
			<u>PRIOR YEARS</u>	<u>CURRENT YEAR</u>	
Washington School Improvements	3/20/02	\$ 781,000.00	\$ 698,019.90	\$	\$ 82,980.10
Lincoln/Franklin Improvements	3/20/02	11,518,235.00	10,472,993.15	257,531.00	787,710.85
Lincoln/Franklin Improvements	7/1/09	428,513.00		426,780.13	1,732.87
Washington School - Doors	7/1/09	20,000.00		20,000.00	
		<u>\$ 12,747,748.00</u>	<u>\$ 11,171,013.05</u>	<u>\$ 704,311.13</u>	<u>\$ 872,423.82</u>

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.

FOOD SERVICES FUND:

This fund provides for the operation of food services within the school district.

BOROUGH OF GARWOOD SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2010

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD SERVICE</u>	<u>COMPARATIVE TOTALS</u>	
		<u>2010</u>	<u>2009</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 36,573.39	\$ 36,573.39	\$ 26,014.98
Accounts receivable:			
State	154.42	154.42	272.30
Federal	2,545.12	2,545.12	3,392.43
Inventories	1,503.96	1,503.96	1,396.37
Total current assets	<u>\$ 40,776.89</u>	<u>\$ 40,776.89</u>	<u>\$ 31,076.08</u>
Noncurrent assets:			
Furniture, machinery & equipment	\$ 2,419.99	\$ 2,419.99	\$ 2,419.99
Less accumulated depreciation	<u>(1,935.92)</u>	<u>(1,935.92)</u>	<u>(1,774.59)</u>
Total noncurrent assets	<u>\$ 484.07</u>	<u>\$ 484.07</u>	<u>\$ 645.40</u>
Total assets	<u>\$ 41,260.96</u>	<u>\$ 41,260.96</u>	<u>\$ 31,721.48</u>
LIABILITIES			
Current liabilities:			
Deferred revenue	\$ 724.01	\$ 724.01	\$ 577.44
Accounts Payable	<u>4.06</u>	<u>4.06</u>	
Total current liabilities	<u>\$ 728.07</u>	<u>\$ 724.01</u>	<u>\$ 577.44</u>
Total liabilities	<u>\$ 728.07</u>	<u>\$ 724.01</u>	<u>\$ 577.44</u>
NET ASSETS			
Invested in capital assets - net	\$ 484.07	\$ 484.07	\$ 645.40
Unrestricted	<u>40,048.82</u>	<u>40,048.82</u>	<u>30,498.64</u>
Total net assets	<u>\$ 40,532.89</u>	<u>\$ 40,532.89</u>	<u>\$ 31,144.04</u>

BOROUGH OF GARWOOD SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD</u> <u>SERVICE</u>	<u>COMPARATIVE TOTALS</u>	
		<u>2010</u>	<u>2009</u>
OPERATING REVENUES:			
Charges for services:			
Lunch Sales	\$ 65,748.44	\$ 65,748.44	\$ 77,043.42
Total operating revenues	\$ 65,748.44	\$ 65,748.44	\$ 77,043.42
OPERATING EXPENSES:			
Cost of sales	\$ 46,010.11	\$ 46,010.11	\$ 47,610.58
Salaries	28,416.18	28,416.18	27,483.76
Employee benefits	6,862.81	6,862.81	6,725.43
Other purchased services	7,000.00	7,000.00	8,000.00
Supplies and materials	344.25	344.25	156.50
Miscellaneous	2,865.49	2,865.49	3,142.45
Depreciation	161.33	161.33	161.33
Total operating expenses	\$ 91,660.17	\$ 91,660.17	\$ 93,280.05
Operating income (loss)	\$ (25,911.73)	\$ (25,911.73)	\$ (16,236.63)
NONOPERATING REVENUES:(EXPENSES)			
State sources			
State school lunch program	\$ 1,774.74	\$ 1,774.74	\$ 1,541.42
Federal sources			
National school lunch program	29,262.38	29,262.38	19,395.83
National food distribution commodities	4,263.46	4,263.46	3,485.63
Total nonoperating revenues (expenses)	\$ 35,300.58	\$ 35,300.58	\$ 24,422.88
Change in net assets	\$ 9,388.85	\$ 9,388.85	\$ 8,186.25
Total net assets - beginning	31,144.04	31,144.04	22,957.79
Total net assets - ending	\$ 40,532.89	\$ 40,532.89	\$ 31,144.04

BOROUGH OF GARWOOD SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND		
	FOOD SERVICE	COMPARATIVE TOTALS	
		2010	2009
Cash flows from operating activities:			
Receipts from customers	\$ 65,748.44	\$ 65,748.44	\$ 77,043.42
Payments to employees	(28,416.18)	(28,416.18)	(27,483.76)
Payments to employee benefits	(6,862.81)	(6,862.81)	(6,725.43)
Payment to suppliers	(56,323.38)	(56,323.38)	(59,477.09)
Net cash provided (used for) by operating activities	\$ (25,853.93)	\$ (25,853.93)	\$ (16,642.86)
Cash flows from noncapital financing activities:			
State Sources	\$ 1,892.62	\$ 1,892.62	\$ 1,391.78
Federal Sources	34,519.72	34,519.72	21,305.20
Net cash provided by (used for) noncapital financing activities	\$ 36,412.34	\$ 36,412.34	\$ 22,696.98
Net increase (decrease) in cash and cash equivalents	\$ 10,558.41	\$ 10,558.41	\$ 6,054.12
Cash and cash equivalents- July 1	26,014.98	26,014.98	19,960.86
Cash and cash equivalents- June 30	\$ 36,573.39	\$ 36,573.39	\$ 26,014.98
Operating income (loss)	\$ (25,911.73)	\$ (25,911.73)	\$ (16,236.63)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation	161.33	161.33	161.33
Change in assets and liabilities:			
(Increase) Decrease in Inventory	(107.59)	(107.59)	(567.56)
Increase (Decrease) in accounts payable	4.06	4.06	
Net cash provided (used) by operating activities	\$ (25,853.93)	\$ (25,853.93)	\$ (16,642.86)

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary funds are used to account for assets when a school district is functioning either as a trustee or as an agent for another party.

Unemployment Compensation Insurance Trust Fund:

This trust fund is used to account for board contributions which are utilized to pay unemployment compensation claims as they arise.

Student Activity Fund:

This agency fund is used to account for student funds held at the schools.

Payroll Agency Fund:

This agency fund is used to account for the payroll transactions of the school district including childcare and medical flexible spending.

BOROUGH OF GARWOOD SCHOOL DISTRICT
COMBINING STATEMENTS OF FIDUCIARY NET ASSETS
JUNE 30, 2010

	AGENCY FUNDS		STATE UNEMPLOYMENT COMPENSATION TRUST	COMPARATIVE TOTALS	
	STUDENT ACTIVITY	PAYROLL & AGENCY		2010	2009
ASSETS					
Cash and cash equivalents	\$ 20,419.55	\$ 192,734.20	\$ 10,139.73	\$ 223,293.48	\$ 46,525.01
Interfund receivable					485.30
Interfund receivable			5,302.98	5,302.98	4,390.87
Total assets	\$ 20,419.55	\$ 192,734.20	\$ 15,442.71	\$ 228,596.46	\$ 51,401.18
LIABILITIES					
Payroll deductions and withholdings	\$	\$	\$	\$	\$
Due to student groups	20,276.32			20,276.32	19,516.51
Interfund payable		5,302.98		5,302.98	4,390.87
Interfund payable	143.23	187,431.22		187,574.45	14,595.20
Total liabilities	\$ 20,419.55	\$ 192,734.20	\$	\$ 213,153.75	\$ 38,502.58
NET ASSETS					
Reserve for state unemployment	\$	\$	\$ 15,442.71	\$ 15,442.71	\$ 12,898.60
Total net assets	\$ -0-	\$ -0-	\$ 15,442.71	\$ 15,442.71	\$ 12,898.60

BOROUGH OF GARWOOD SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	STATE UNEMPLOYMENT COMPENSATION TRUST	
	2010	2009
ADDITIONS:		
Contributions:		
Withholdings	\$ 5,302.98	\$ 5,221.63
Total contributions	\$ 5,302.98	\$ 5,221.63
Investment earnings:		
Interest	\$ 3.14	\$ 136.28
Net investment earnings	\$ 3.14	\$ 136.28
Total additions	\$ 5,306.12	\$ 5,357.91
DEDUCTIONS:		
Trust expenditures		
Unemployment claims	\$ 2,762.01	\$ 2,509.92
Total deductions	\$ 2,762.01	\$ 2,509.92
Change in net assets	\$ 2,544.11	\$ 2,847.99
Net assets beginning of year	\$ 12,898.60	\$ 10,050.61
Net assets end of year	\$ 15,442.71	\$ 12,898.60

BOROUGH OF GARWOOD SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>BALANCE</u> <u>JUNE 30, 2009</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2010</u>
ASSETS:				
Cash and cash equivalents	\$ 19,031.21	\$ 29,579.52	\$ 28,191.18	\$ 20,419.55
Interfund receivable	485.30		485.30	
Total assets	<u>\$ 19,516.51</u>	<u>\$ 29,579.52</u>	<u>\$ 28,676.48</u>	<u>\$ 20,419.55</u>
LIABILITIES:				
Due student groups:				
General activity fund	\$ 19,516.51	\$ 25,570.99	\$ 24,811.18	\$ 20,276.32
Athletic fund		3,000.28	3,000.28	
Interfund payable		143.23		143.23
Total liabilities	<u>\$ 19,516.51</u>	<u>\$ 28,714.50</u>	<u>\$ 27,811.46</u>	<u>\$ 20,419.55</u>

BOROUGH OF GARWOOD SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>BALANCE</u> <u>JUNE 30, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2010</u>
ASSETS:				
Cash and cash equivalents	\$ 18,986.07	\$ 3,623,184.07	\$ 3,449,435.94	\$ 192,734.20
Total assets	<u>\$ 18,986.07</u>	<u>\$ 3,623,184.07</u>	<u>\$ 3,449,435.94</u>	<u>\$ 192,734.20</u>
LIABILITIES:				
Payroll and deductions	\$	\$ 3,445,045.07	\$ 3,445,045.07	\$
Intrafund payable	4,390.87	5,302.98	4,390.87	5,302.98
Interfund payable	<u>14,595.20</u>	<u>172,836.02</u>	<u></u>	<u>187,431.22</u>
Total liabilities	<u>\$ 18,986.07</u>	<u>\$ 3,623,184.07</u>	<u>\$ 3,449,435.94</u>	<u>\$ 192,734.20</u>

LONG-TERM DEBT SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

BOROUGH OF GARWOOD SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2010

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE	BALANCE
			DATE	AMOUNT		JUNE 30, 2009	JUNE 30, 2010
School Bonds	9/15/02	\$ 8,839,000.00	7/15/10	\$ 185,000.00	4.000%		
			7/15/11	195,000.00	4.125%		
			7/15/12	205,000.00	4.250%		
			7/15/13	215,000.00	4.120%		
			7/15/14	225,000.00	4.150%		
			7/15/15	240,000.00	4.125%		
			7/15/16	250,000.00	4.125%		
			7/15/17	265,000.00	4.125%		
			7/15/18	280,000.00	4.125%		
			7/15/19	295,000.00	4.125%		
			7/15/20	310,000.00	4.200%		
			7/15/21	325,000.00	4.250%		
			7/15/22	340,000.00	4.375%		
			7/15/23	360,000.00	4.400%		
			7/15/24	380,000.00	4.400%		
			7/15/25	400,000.00	4.450%		
			7/15/26	420,000.00	4.500%		
			7/15/27	445,000.00	4.500%		
			7/15/28	465,000.00	4.550%		
			7/15/29	490,000.00	4.600%		
			7/15/30	515,000.00	4.600%		
			7/15/31	545,000.00	4.600%		
			7/15/32	559,000.00	4.600%		
						\$ 8,084,000.00	\$ 7,909,000.00
						\$ 8,084,000.00	\$ 7,909,000.00

BOROUGH OF GARWOOD SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 AS OF JUNE 30, 2010

<u>PURPOSE</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE PRINCIPAL</u>	<u>INTEREST PAYABLE</u>	<u>BALANCE JULY 1, 2009</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2010</u>
Copiers	8/22/08	5	\$ 50,927.62	5.34% 7,212.38	\$ 43,358.53	\$ 9,546.79	\$ 33,811.74
					<u>\$ 43,358.53</u>	<u>\$ 9,546.79</u>	<u>\$ 33,811.74</u>

BOROUGH OF GARWOOD SCHOOL DISTRICT
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	2010		2009	
	BUDGET	ACTUAL	BUDGET	ACTUAL
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 465,634.00	\$ 465,634.00	\$ 514,316.00	\$ 514,316.00
Total Revenues	\$ 465,634.00	\$ 465,634.00	\$ 514,316.00	\$ 514,316.00
EXPENDITURES:				
Regular Debt Service:				
Interest	\$ 351,289.00	\$ 351,289.00	\$ 358,089.00	\$ 358,089.00
Redemption of Principal	175,000.00	175,000.00	165,000.00	165,000.00
Total Debt Service	\$ 526,289.00	\$ 526,289.00	\$ 523,089.00	\$ 523,089.00
Total Expenditures	\$ 526,289.00	\$ 526,289.00	\$ 523,089.00	\$ 523,089.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (60,655.00)	\$ (60,655.00)	\$ (8,773.00)	\$ (8,773.00)
Other Financing Sources:				
Operating Transfers In		36.08		4,059.09
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	\$ (60,655.00)	\$ (60,618.92)	\$ (8,773.00)	\$ (4,713.91)
Fund Balance, July 1	60,654.96	64,714.05	69,427.96	69,427.96
Fund Balance, June 30	\$ (0.04)	\$ 4,095.13	\$ 60,654.96	\$ 64,714.05
				\$ 4,059.09

STATISTICAL SECTION
(UNAUDITED)

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BOROUGH OF GARWOOD SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
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 information to help the reader assess the district's most significant local revenue source, the property tax.	J-6 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the 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, 2003; schedules presenting district-wide information include information beginning in that year.

BOROUGH OF GARWOOD SCHOOL DISTRICT
NET ASSETS BY COMPONENT
UNAUDITED

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 2,336,871.03	\$ 2,245,523.47	\$ 2,803,076.00	\$ 2,831,189.56	\$ 3,341,568.22	\$ 680,366.82	\$ 361,856.41
Restricted	943,373.87	1,356,272.76	1,797,749.00	1,789,365.50	2,037,124.22	3,529,842.74	4,194,894.00
Unrestricted	13,520.79	369,984.56	125,609.90	80,234.76	(79,971.35)	848,170.04	145,844.00
Total governmental activities net assets	\$ 3,293,765.69	\$ 3,971,780.79	\$ 4,726,434.90	\$ 4,700,789.82	\$ 5,298,721.09	\$ 5,058,379.60	\$ 4,702,594.41
Business-type activities							
Invested in capital assets, net of related debt	\$ 484.07	\$ 645.40	\$ 1,129.47	\$	\$	\$	\$
Unrestricted	40,048.82	30,498.64	22,151.06	10,670.45	742.71	(5,291.20)	383.00
Total business-type activities net assets	\$ 40,532.89	\$ 31,144.04	\$ 23,280.53	\$ 10,670.45	\$ 742.71	\$ (5,291.20)	\$ 383.00
District-wide							
Invested in capital assets, net of related debt	\$ 2,337,355.10	\$ 2,246,168.87	\$ 2,804,205.47	\$ 2,831,189.56	\$ 3,341,568.22	\$ 680,366.82	\$ 361,856.41
Restricted	943,373.87	1,356,272.76	1,797,749.00	1,789,365.50	2,037,124.22	3,529,842.74	4,194,894.00
Unrestricted	53,569.61	400,483.20	147,760.96	90,905.21	(79,228.64)	842,878.84	146,227.00
Total district net assets	\$ 3,334,298.58	\$ 4,002,924.83	\$ 4,749,715.43	\$ 4,711,460.27	\$ 5,299,463.80	\$ 5,053,088.40	\$ 4,702,977.41

Source: CAFR Schedule A-1

BOROUGH OF GARWOOD SCHOOL DISTRICT
CHANGES IN NET ASSETS
UNAUDITED

	2010	2009	2008	2007	2006	2005	2004
EXPENSES							
Governmental activities							
Instruction							
Regular	\$ 4,334,814.70	\$ 4,241,412.37	\$ 1,974,288.51	\$ 1,848,505.09	\$ 2,040,656.83	\$ 2,013,663.22	\$ 1,968,536.00
Special education	1,171,253.34	1,050,694.74	487,250.60	454,237.71	376,387.51	377,864.74	352,042.00
Other instruction	78,674.46	104,160.28	75,508.79	114,898.64	93,195.48	117,901.30	159,387.00
Support Services:							
Tuition			2,800,910.05	2,308,183.02	1,957,461.76	1,776,888.33	1,705,387.00
Student & instruction related services	684,104.27	754,813.91	533,239.16	547,772.22	632,537.86	633,534.91	459,013.00
General administrative services	267,834.94	278,779.45	293,271.19	351,453.39	309,614.24	348,011.73	338,072.00
School administrative services	234,132.74	190,343.33	232,522.20	219,613.60	144,510.15	193,685.57	195,163.00
Plant operations and maintenance	124,349.39	759,887.06	773,228.41	767,567.63	654,654.17	602,926.09	709,103.00
Student transportation services	39,039.60	243,507.93	239,853.37	273,423.13	221,157.40	226,895.58	256,355.00
Central services	685,628.15	149,478.28	181,939.86	166,419.06	184,331.60	260,311.57	258,044.02
Administration information technology	358,069.30	27,535.28					
Interest on long-term debt	348,119.56	352,490.64	361,645.03	432,197.23	400,120.97	194,757.60	571,522.00
Unallocated depreciation	720,889.36	705,582.09	702,206.89	65,607.12	2,555.43	2,555.43	3,125.00
Total governmental activities expenses	\$ 9,046,909.81	\$ 8,858,685.36	\$ 8,655,864.06	\$ 7,549,877.84	\$ 7,017,183.40	\$ 6,748,996.07	\$ 6,975,749.02
Business-type activities:							
Food Service	\$ 91,660.17	\$ 93,280.05	\$ 99,272.34	\$ 100,696.01	\$ 100,913.33	\$ 92,287.65	\$ 86,532.00
Total business-type activities expense	\$ 91,660.17	\$ 93,280.05	\$ 99,272.34	\$ 100,696.01	\$ 100,913.33	\$ 92,287.65	\$ 86,532.00
Total district expenses	\$ 9,138,569.98	\$ 8,951,965.41	\$ 8,755,136.40	\$ 7,650,573.85	\$ 7,118,096.73	\$ 6,841,283.72	\$ 7,062,281.02
PROGRAM REVENUES							
Governmental activities:							
Operating grants and contributions	\$ 672,050.35	\$ 641,635.73	\$ 637,866.82	\$ 634,505.75	\$ 475,556.93	\$ 445,557.61	\$ 435,912.00
Total governmental activities program revenues	\$ 672,050.35	\$ 641,635.73	\$ 637,866.82	\$ 634,505.75	\$ 475,556.93	\$ 445,557.61	\$ 435,912.00
Business-type activities:							
Charges for services							
Food Service	\$ 65,748.44	\$ 77,043.42	\$ 85,729.79	\$ 84,694.51	\$ 62,455.88	\$ 54,482.84	\$ 59,205.00
Operating grants and contributions	35,300.58	24,422.88	26,443.65	25,929.24	33,391.36	32,130.94	25,554.00
Total business type activities program revenues	\$ 101,049.02	\$ 101,466.30	\$ 112,173.44	\$ 110,623.75	\$ 95,847.24	\$ 86,623.78	\$ 84,759.00
Total district program revenues	\$ 773,099.37	\$ 743,102.03	\$ 750,040.26	\$ 745,129.50	\$ 571,404.17	\$ 532,181.39	\$ 520,671.00
NET (EXPENSE)/REVENUE							
Governmental activities	\$ (8,374,859.46)	\$ (8,217,049.63)	\$ (8,017,997.24)	\$ (6,915,372.09)	\$ (6,541,626.47)	\$ (6,303,438.46)	\$ (6,539,837.02)
Business-type activities	9,388.85	8,186.25	12,901.10	9,927.74	(5,066.09)	(5,673.87)	(1,773.00)
Total district-wide net expense	\$ (8,365,470.61)	\$ (8,208,863.38)	\$ (8,005,096.14)	\$ (6,905,444.35)	\$ (6,546,692.56)	\$ (6,309,112.33)	\$ (6,541,610.02)

BOROUGH OF GARWOOD SCHOOL DISTRICT
CHANGES IN NET ASSETS
UNAUDITED

	2010	2009	2008	2007	2006	2005	2004
<u>GENERAL REVENUES AND OTHER CHANGES</u>							
<u>IN NET ASSETS</u>							
Governmental activities:							
Property taxes levied for general purposes, net	\$ 6,279,668.00	\$ 6,074,104.00	\$ 5,840,485.00	\$ 5,240,944.00	\$ 5,328,019.00	\$ 5,328,019.00	\$ 5,278,591.00
Taxes levied for debt service	465,634.00	514,316.00	506,774.00	505,580.00	448,232.00	367,552.00	513,319.00
Grants and contributions	637,908.00	533,221.00	602,115.00	577,633.00	565,511.00	507,870.00	532,587.00
Disposal of capital assets				(576,058.90)			
Transfers					(11,100.00)		(1,000.00)
Miscellaneous income	313,634.36	340,754.52	1,037,597.83	569,342.72	451,305.96	455,782.22	358,118.00
Total governmental activities	\$ 7,696,844.36	\$ 7,462,395.52	\$ 7,986,971.83	\$ 6,317,440.82	\$ 6,781,967.96	\$ 6,659,223.22	\$ 6,681,615.00
Business-type activities:							
Transfers	\$	\$	\$	\$	\$ 11,100.00	\$	\$ 1,000.00
Total business-type activities	\$	\$	\$	\$	\$ 11,100.00	\$	\$ 1,000.00
Total district-wide	\$ 7,696,844.36	\$ 7,462,395.52	\$ 7,986,971.83	\$ 6,317,440.82	\$ 6,793,067.96	\$ 6,659,223.22	\$ 6,682,615.00
<u>CHANGE IN NET ASSETS</u>							
Governmental activities	\$ (678,015.10)	\$ (754,654.11)	\$ (31,025.41)	\$ (597,931.27)	\$ 240,341.49	\$ 355,784.76	\$ 141,777.98
Business-type activities	9,388.85	8,186.25	12,901.10	9,927.74	6,033.91	(5,673.87)	(773.00)
Total district	\$ (668,626.25)	\$ (746,467.86)	\$ (18,124.31)	\$ (588,003.53)	\$ 246,375.40	\$ 350,110.89	\$ 141,004.98

Source: CAFR Schedule A-2

BOROUGH OF GARWOOD SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 UNAUDITED

	2010	2009	2008	2007	2006	2005	2004
General Fund							
Reserved	\$ 313,537.36	\$ 1,259,627.31	\$ 1,578,275.39	\$ 1,104,935.34	\$ 1,370,014.22	\$ 1,128,089.04	\$ 511,464.56
Unreserved	499,196.63	450,023.73	276,370.00	268,995.00	97,978.89	138,875.41	570,617.40
Total general fund	\$ 812,733.99	\$ 1,709,651.04	\$ 1,854,645.39	\$ 1,373,930.34	\$ 1,467,993.11	\$ 1,266,964.45	\$ 1,082,081.96
All Other Governmental Funds							
Reserved	\$ 23,376.00	\$	\$	\$	\$ 169,045.66	\$ 1,775,225.48	\$ 3,580,431.58
Unreserved, reported in:							
Capital projects fund	872,423.82	1,128,221.95	1,177,554.28	1,177,554.28	1,089,619.48	1,465,667.20	2,024,609.09
Debt service fund	4,095.13	64,714.05	69,427.96	26,587.51	33,024.00	88,666.29	223,194.46
Total all other governmental funds	\$ 899,894.95	\$ 1,192,936.00	\$ 1,246,982.24	\$ 1,204,141.79	\$ 1,291,689.14	\$ 3,329,558.97	\$ 5,828,235.13

Source: CAFR Schedule B-1

BOROUGH OF GARWOOD SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
UNAUDITED

	2010	2009	2008	2007	2006	2005	2004
Revenues							
Tax levy	\$ 6,745,302.00	\$ 6,588,420.00	\$ 6,347,259.00	\$ 5,746,524.00	\$ 5,776,251.00	\$ 5,695,571.00	\$ 5,791,910.00
Miscellaneous	315,302.24	346,618.33	1,039,627.98	571,624.68	455,531.00	455,782.22	358,148.00
State sources	1,033,056.47	976,377.47	1,097,185.60	1,059,682.83	887,608.00	802,774.61	825,892.00
Federal sources	275,234.00	192,615.45	140,766.07	150,173.96	149,235.00	150,653.00	142,578.00
Total revenue	\$ 8,368,894.71	\$ 8,104,031.25	\$ 8,624,838.65	\$ 7,528,005.47	\$ 7,268,625.00	\$ 7,104,780.83	\$ 7,118,528.00
Expenditures							
Instruction	\$ 1,878,718.81	\$ 1,738,364.99	\$ 1,644,246.68	\$ 1,510,166.95	\$ 1,922,576.00	\$ 1,492,416.17	\$ 1,434,769.00
Regular instruction	286,787.49	277,913.42	406,917.89	376,049.72	356,140.00	371,567.92	352,042.00
Special education instruction	59,543.09	77,010.00	63,059.70	95,121.12	89,821.00	74,569.23	75,254.00
Other instruction							
Support Services:							
Tuition	2,714,563.64	2,628,309.87	2,339,125.69	1,910,875.20	1,856,223.00	1,742,743.29	1,705,387.00
Student & instruction related services	516,466.81	573,674.46	445,324.34	453,484.12	598,792.00	460,039.00	459,013.00
General administrative services	224,946.00	236,353.44	289,798.66	291,341.00	291,341.00	287,086.76	283,373.00
School Administrative services	179,660.74	137,495.79	189,509.67	176,843.08	131,759.00	132,356.70	147,399.00
Administration Information Technology	110,632.81	24,058.49					
Central services	35,830.38	126,833.61	243,750.56	137,773.33	174,581.00	202,021.49	191,104.00
Plant operations and maintenance	616,964.28	675,414.08	643,342.14	633,062.46	618,029.00	555,748.54	570,509.00
Student transportation services	358,069.30	243,507.93	200,308.89	226,358.77	211,034.00	218,097.76	256,356.00
Unallocated employee benefits	985,754.33	1,032,311.87	1,249,165.01	1,207,914.09	340,154.00	1,000,490.80	915,450.00
Capital outlay	1,064,626.13	100,259.95		81,110.86	1,982,228.00	2,364,147.99	4,138,131.00
Debt service:							
Principal	175,000.00	165,000.00	160,000.00	150,000.00	145,000.00	135,000.00	
Interest and other charges	351,289.00	358,089.00	364,589.03	461,057.23	376,689.00	382,289.00	513,319.00
Total expenditures	\$ 9,558,652.81	\$ 8,394,596.90	\$ 8,101,283.15	\$ 7,709,615.59	\$ 9,094,367.00	\$ 9,418,574.65	\$ 11,042,106.00
Net change in fund balances	\$ (1,189,958.10)	\$ (290,565.65)	\$ 523,555.50	\$ (181,610.12)	\$ (1,825,742.00)	\$ (2,313,793.82)	\$ (3,923,578.00)
Debt service as a percentage of noncapital expenditures	6.20%	6.31%	6.48%	8.01%	7.34%	7.33%	7.44%

Source: CAFR Schedule B-2

BOROUGH OF GARWOOD SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Insurance</u> <u>Surplus Refunds</u>	<u>Regional</u> <u>High School</u> <u>Close-Out</u>	<u>Miscellaneous</u>	<u>Total</u>
2010	2,391.46	\$	\$	41,295.68	\$ 43,687.14
2009	37,539.00		181,555.32	91,198.30	333,453.51
2008	32,444.64	23,160.89	919,611.74	13,954.53	966,010.91
2007	81,065.92		363,110.18	15,119.26	459,295.36
2006	53,670.00		363,110.00	8,419.25	425,199.25
2005	30,589.91		411,384.10	9,676.19	451,650.20
2004	2,044.82		272,216.17	7,614.55	281,875.54
2003	6,149.95			1,719.21	7,869.16
2002	27,553.68			3,985.51	31,539.19
2001	86,348.97		72,992.67	2,311.16	161,652.80

Source: District Records

BOROUGH OF GARWOOD SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
UNAUDITED

Year	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax Exempt Property	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2010	\$ 1,024,100	\$ 133,906,600	\$ 43,779,600	\$ 6,634,800	\$ 2,200,000	\$ 187,545,100	\$	\$ 158,145	\$ 187,703,245	26.89%	\$ 3.668
2009	1,467,800	133,619,500	43,600,800	6,634,800	2,200,000	187,522,900		193,311	187,716,211	27.00%	3.636
2008	3,962,100	131,712,300	42,240,600	6,815,600	2,200,000	186,930,600		82,903	187,013,503	28.33%	3.499
2007	3,729,900	127,568,600	40,893,100	7,353,700	2,200,000	181,845,300	11,815,300	279,098	170,309,098	*	3.195
2006	3,796,900	127,008,700	41,245,000	7,503,700	2,200,000	181,754,300	11,922,000	92,777	169,925,077	*	3.213
2005	*	*	*	*	*	*	*	*	*	*	*
2004	*	*	*	*	*	*	*	*	*	*	*
2003	*	*	*	*	*	*	*	*	*	*	*
2002	*	*	*	*	*	*	*	*	*	*	*
2001	*	*	*	*	*	*	*	*	*	*	*

* = Not available at time of audit

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

(b): Tax rates are per \$100

BOROUGH OF GARWOOD SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	Township of Green Brook			Overlapping Rates		Total Direct and Overlapping Tax Rate
	<u>Basic Rate (a)</u>	<u>General Obligation Debt Service (b)</u>	<u>Total Direct School Tax Rate</u>	<u>Borough of Garwood</u>	<u>Union County</u>	
2010	\$3.415	\$0.253	\$3.668			\$3.668
2009	3.352	0.284	3.636			\$3.636
2008	3.220	0.279	3.499			3.499
2007	3.327	*	3.327	2.424	1.156	6.907
2006	3.195	*	3.195	2.286	1.213	6.694
2005	3.213	*	3.213	2.171	1.149	6.533
2004	3.163	*	3.163	2.045	1.064	6.272
2003	3.034	*	3.034	1.840	0.994	5.868
2002	2.723	*	2.723	1.650	0.894	5.267
2001	2.639	*	2.639	1.630	0.844	5.113

* = Not available at time of audit

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

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

BOROUGH OF GARWOOD SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND TEN YEARS AGO
 UNAUDITED

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
ACP Partnership	\$ 5,060,800	1	2.70%	\$ 5,060,800.00	1	2.91%
Garwood Mall Partnership	4,090,800	2	2.18%	4,090,800.00	2	2.35%
Village Supermarkets Inc	3,728,300	3	1.99%	2,500,000.00	3	1.44%
The Lofts at Garwood LLC	2,781,200	4	1.48%	2,494,300.00	4	1.44%
Garwood, LLC	2,246,100	5	1.20%	2,216,500.00	5	1.28%
Gator Garwood Partners LTD	2,200,000	6	1.17%	1,999,900.00	6	1.15%
Garwood Plaza	2,029,900	7	1.08%	1,434,300.00	7	0.83%
Cascale Industries	1,640,100	8	0.87%	1,313,000.00	8	0.76%
Westwood Inc	1,460,800	9	0.78%	1,301,500.00	9	0.75%
Kalis Realty	1,374,300	10	0.73%	1,139,100.00	10	0.66%
Total	\$ 26,612,300		14.18%	\$ 23,550,200		13.56%

Source: Municipal Tax Assessor

BOROUGH OF GARWOOD SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy (a)		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 6,745,302	\$ 5,756,363	85.34%	\$523,305.00
2009	6,588,420	6,588,420	100.00%	-
2008	6,347,259	6,347,259	100.00%	-
2007	5,746,524	5,746,524	100.00%	-
2006	5,776,251	5,776,251	100.00%	-
2005	5,695,571	5,695,571	100.00%	-
2004	5,791,910	5,791,910	100.00%	-
2003	4,845,830	4,845,830	100.00%	-
2002	4,678,044	4,678,044	100.00%	-
2001	4,539,660	4,539,660	100.00%	-

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

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

BOROUGH OF GARWOOD SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities					Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes					
2010	\$ 7,909,000.00	\$ 33,811.74	\$			\$ 7,942,811.74	*	*
2009	8,084,000.00	43,358.53				8,127,358.53	*	*
2008	8,249,000.00					8,249,000.00	*	*
2007	8,409,000.00					8,409,000.00	*	*
2006	8,559,000.00		2,000,000.00			10,559,000.00	*	*
2005	8,704,000.00					8,704,000.00	*	2,137.00
2004	8,839,000.00					8,839,000.00	0.48%	2,154.80
2003	*	*	*			*	*	*
2002	*	*	*			*	*	*
2001	*	*	*			*	*	*

* = Not available at time of audit

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

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

(a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

BOROUGH OF GARWOOD SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt <u>Outstanding</u>	Percentage of Actual Taxable Value (a) of <u>Property</u>	<u>Per Capita (b)</u>
	<u>General Obligation Bonds</u>	<u>Deductions</u>			
2010	\$7,909,000.00		\$7,909,000.00	4.21%	*
2009	8,084,000.00		8,084,000.00	4.31%	1,784.55
2008	8,249,000.00		8,249,000.00	4.41%	1,879.04
2007	8,409,000.00		8,409,000.00	4.94%	1,971.63
2006	8,559,000.00		8,559,000.00	5.04%	2,063.90
2005	8,704,000.00		8,704,000.00	4.85%	2,137.00
2004	8,839,000.00		8,839,000.00	4.92%	2,154.80
2003	*		*	*	*
2002	*		*	*	*
2001	*		*	*	*

* = Not available at time of audit

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.

BOROUGH OF GARWOOD SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2009
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Borough of Garwood	\$3,775,374.00	100.00%	\$3,775,374.00
Other debt			
Union County	524,528,428.00	0.90%	4,720,755.85
Rahway Valley Sewerage Authority	211,260,059.00	3.01%	6,358,927.78
Subtotal, overlapping debt			\$14,855,057.63
Borough of Garwood School District Direct Debt			7,909,000.00
Total direct and overlapping debt			<u>\$22,764,057.63</u>

Source: Municipal Chief Financial Officer, County Treasurer's Office

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 district. 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.

BOROUGH OF GARWOOD SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2010:

Equalized Valuation Basis

Calendar Year	
2009	\$697,370,398.00
2008	684,187,407.00
2007	641,882,457.00
	<u>2,023,440,262.00</u>
Average Equalized Valuation of Taxable Property	\$674,480,087.33
Debt Limit (3% (a) of average equalization value)	20,234,402.62
Total Net Debt Applicable to Limit	7,909,000.00
Legal Debt Margin	<u>\$12,325,402.62</u>

	Fiscal Year Ending June 30,									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt Limit	\$20,234,402.62	\$19,167,565.72	\$18,374,299.16	\$17,581,032.59	\$15,962,430.12	\$14,285,974.00	\$12,893,257.00	\$11,426,017.00	\$10,469,021.00	\$8,640,573.00
Total Net Debt Applicable To Limit	7,909,000.00	8,084,000.00	8,249,000.00	8,409,765.00	8,559,000.00	8,704,000.00	8,839,000.00	0.00	0.00	0.00
Legal Debt Margin	<u>\$12,325,402.62</u>	<u>\$11,083,565.72</u>	<u>\$10,125,299.16</u>	<u>\$9,171,267.59</u>	<u>\$7,403,430.12</u>	<u>\$5,581,974.00</u>	<u>\$4,054,257.00</u>	<u>\$11,426,017.00</u>	<u>\$10,469,021.00</u>	<u>\$8,640,573.00</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	39.09%	42.18%	44.89%	47.83%	53.62%	60.93%	68.56%	0.00%	0.00%	0.00%

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 N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

BOROUGH OF GARWOOD SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d) Garwood</u>
2010	*	\$ *	\$ *	*
2009	4,530	*	*	5.60%
2008	4,390	227,467,850	51,815	3.20%
2007	4,265	216,649,205	50,797	*
2006	4,147	198,438,097	47,851	*
2005	4,073	179,464,526	44,062	4.70%
2004	4,102	174,408,836	42,518	5.90%
2003	4,130	169,181,320	40,964	2.80%
2002	4,147	166,945,779	40,257	*
2001	4,155	165,647,385	39,867	3.70%

* = Not available at time of audit

Source:

- (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 municipality estimated based upon the census published by the US Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

BOROUGH OF GARWOOD SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS - CURRENT YEAR AND TEN YEARS AGO
 UNAUDITED

Employer	2010 *			2001 *		
	# of Employees	Rank (Optional)	Percentage of Total Employment	# of Employees	Rank (Optional)	Percentage of Total Employment
		1			1	
		2			2	
		3			3	
		4			4	
		5			5	
		6			6	
		7			7	
		8			8	
		9			9	
		10			10	
	0		0.00%	0		0.00%

Source: Municipal Records
 * - Data Not Available

BOROUGH OF GARWOOD SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 UNAUDITED

Function/Program	2010	2009	2008	2007	2006	2005	2004	2003
Instruction:								
Regular	26.0	26.0	*	*	*	*	*	*
Special education	4.0	4.0	*	*	*	*	*	*
Support Services:								
Student & instruction related services	5.0	5.0	*	*	*	*	*	*
General administrative services	2.0	2.0	*	*	*	*	*	*
School administrative services	3.0	3.0	*	*	*	*	*	*
Plant operations and maintenance	6.0	6.0	*	*	*	*	*	*
Pupil transportation	2.0	2.0	*	*	*	*	*	*
Business administrative services			*	*	*	*	*	*
Total	48.0	48.0	0.0	0.0	0.0	0.0	0.0	0.0

* = Not available at time of audit

Source: District Personnel Records

BOROUGH OF GARWOOD SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>% Change</u>	<u>Teaching Staff (b)</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment (c)</u>	<u>Average Daily Attendance (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2010	408	\$ 7,967,937.68	\$ 19,529.26	4.98%	30	13.6	395	375	0.77%	94.94%
2009	408	7,590,100.00	18,603.19	4.60%	30	13.6	392	370	*	94.44%
2008	418	7,433,897.90	17,784.44	7.07%	30	13.9	*	*	*	*
2007	406	6,743,687.00	16,610.07	2.07%	32	12.7	*	*	*	*
2006	405	6,590,450.00	16,272.72	-1.16%	34	11.9	*	*	*	*
2005	397	6,535,964.66	16,463.39	-7.52%	36	11.0	390	371	3.17%	95.21%
2004	359	6,390,656.02	17,801.27	5.80%	38	9.4	378	358	-1.46%	94.60%
2003	355	5,972,959.58	16,825.24	12.54%	38	9.3	384	366	-1.77%	95.49%
2002	360	5,382,303.09	14,950.84	8.81%	34	10.6	391	374	-3.20%	95.65%
2001	403	5,537,503.24	13,740.70	#DIV/0!	33	12.2	403	387	-0.74%	95.84%

* = Not available at time of audit

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(b) Teaching staff includes only full-time equivalents of certificated staff.

(c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

BOROUGH OF GARWOOD SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
UNAUDITED

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>District Buildings</u>										
Elementary School(s):										
Washington School										
Square Feet	11,856	11,856	11,856	11,856	11,856	11,856	11,856	11,856	11,856	11,856
Capacity (students)	*	*	*	*	*	*	*	*	*	*
Enrollment	83	73	68	72	72	69	65	80	74	69
Middle School(s):										
Lincoln Franklin School										
Square Feet	67,487	67,487	67,487	67,487	67,487	67,487	53,380	53,380	53,380	53,380
Capacity (students)	*	*	*	*	*	*	*	*	*	*
Enrollment	325	335	350	334	333	328	294	275	286	334

Number of Schools at June 30, 2009

Elementary = 1

Middle School = 1

Source: District records

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

BOROUGH OF GARWOOD SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX

	<u>Total</u>	<u>Washington Elementary</u>	<u>Lincoln Franklin Middle School</u>
2010	\$ 86,652.29	\$ 12,997.84	\$ 73,654.45
2009	84,450.57	5,048.49	79,402.08
2008	81,018.00	6,669.00	74,349.00
2007	84,686.00	12,500.68	72,185.32
2006	68,509.68	17,292.94	51,216.74
2005	80,394.54	16,426.97	63,967.57
2004	<u>81,704.00</u>	<u>36,654.00</u>	<u>45,050.00</u>
Total	<u>\$ 567,415.08</u>	<u>\$ 107,589.92</u>	<u>\$ 459,825.16</u>

Source: District records

BOROUGH OF GARWOOD SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

Type of Coverage	Coverage	Deductible
Property Coverage:		
Buildings, Content, & Valuable Papers	\$ 250,000,000.00	\$ 1,000.00
Newly Acquired Property	25,000,000.00	
Earthquake	25,000,000.00	
Flood	10,000,000.00	
Boiler & Machinery	100,000,000.00	1,000.00
Crime Insurance:		
Employee Dishonesty	50,000.00	
(includes Faithful Performance)	500,000.00	1,000.00
Forgery or Alteration		
Money & Securities (In & Out)		
Computer Fraud		
General Liability and Auto Liability:		
Per Occurrence	5,000,000.00	
Sexual Molestation	3,000,000.00	
Worker's Compensation:		
Employers' Liability Limits	5,000,000.00	
Foreign Travel Liability:		
Occurrence / Aggregate	1,000,000.00	
Environmental Impairment:		
Occurrence / Aggregate	1,000,000.00	
Student Accident Insurance:		
Per Accident	1,000,000.00	
School Leaders Professional Liability:		
Occurrence / Aggregate	5,000,000.00	5,000.00
Public Employees' Faithful Performance Blanket Position:		
Business Administrator	70,000.00	
Treasurer	175,000.00	

Source: District Records

SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-1"

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

Honorable President and Members
of the Board of Education
Borough of Garwood
County of Union
Garwood, New Jersey 07027

We have audited the basic financial statements of the Borough of Garwood School District, County of Union, New Jersey as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated December 6, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards, audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Garwood School District, County of Union, New Jersey internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Garwood School District, County of Union internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Garwood School District, County of Union's internal control over financial reporting.

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

SUPLEE, CLOONEY & COMPANY

Our consideration of the internal control over financial reporting was limited for the 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. However we noted immaterial matters involving the internal control over financial reporting that we have reported to the Board of Education of the Borough of Garwood School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated December 6, 2010.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Garwood School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However we noted immaterial instances of noncompliance that we have reported to the Board of Education of the Borough of Garwood School District in a separate Auditor's Management Report on Administrative Findings – Financial and Compliance dated December 6, 2010.

This report is intended for the information of the Borough of Garwood School District, County of Union, New Jersey, the New Jersey State Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

December 6, 2010



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT "K-2"

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
STATE FINANCIAL ASSISTANCE PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH NEW JERSEY OMB CIRCULAR 04-04

Honorable President and Members
of the Board of Education
Borough of Garwood
County of Union
Garwood, New Jersey 07027

Compliance

We have audited the compliance of the Borough of Garwood School District with the types of compliance requirements described in the New Jersey State Grant Compliance Supplement that are applicable to each of its major state programs for the year ended June 30, 2010. The Borough of Garwood School District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Borough of Garwood School District's management. Our responsibility is to express an opinion on the Borough of Garwood School District's compliance based on our audit.

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

SUPLEE, CLOONEY & COMPANY

In our opinion, the Borough of Garwood School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying Schedule of Findings and Questioned Costs as items FY 2010-1 and FY 2010-2.

Internal Control Over Compliance

The management of the Borough of Garwood School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Borough of Garwood School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on the effectiveness of internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Garwood School District'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 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 state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a 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 and state program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as items FY 2010-01 and FY 2010-02 and reported to the Borough of Garwood School District in a separate Auditor's Management Report on Administrative Findings - Financial and Compliance dated December 6, 2010 as a finding and recommendation, that we considered to be a significant deficiency in internal control over financial reporting.. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Board of Education's response to the findings reported in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's response and accordingly, express no opinion on the response.

SUPLEE, CLOONEY & COMPANY

This report is intended solely for the information of the Borough of Garwood School District, County of Union, New Jersey, the New Jersey State Department of Education, and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 93

December 6, 2010

BOROUGH OF GARWOOD SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2009	CASH RECEIPTS	BUDGETARY EXPENDITURES	BALANCE AT JUNE 30, 2010 (ACCOUNTS RECEIVABLE)	DEFERRED REVENUE
Enterprise Funds								
U.S. Department of Agriculture								
Passed-through State Department of Education:								
10.550	N/A	7/1/08 - 6/30/09	\$ 3,928.68	\$ 577.44	\$	(577.44)	\$	724.01
10.550	N/A	7/1/09 - 6/30/10	4,410.03		4,410.03	(3,666.02)		
10.555	N/A	7/1/08 - 6/30/09	24,930.57	(3,392.43)	3,392.43			
10.555	N/A	7/1/09 - 6/30/10	29,262.38		26,717.26	(29,262.38)	(2,545.12)	
Total U.S. Department of Agriculture			\$	(2,814.98)	\$ 34,519.72	\$ (33,525.84)	\$ (2,545.12)	\$ 724.01
U.S. Department of Education								
Passed-through State Department of Education:								
General Fund:								
84.394	N/A	7/1/09 - 6/30/10	\$ 23,908.00	\$	23,908.00	(23,908.00)	\$	
84.397	N/A	7/1/09 - 6/30/10	925.00		925.00	(925.00)		
Total General Fund			\$	-0-	\$ 24,833.00	\$ (24,833.00)	\$ -0-	\$ -0-
Special Revenue Funds								
U.S. Department of Education								
Passed-through State Department of Education:								
84.010	NCLB171009	9/1/08 - 8/31/09	21,531.00	(2,046.00)	\$ 3,123.00	(1,077.00)	\$	
84.367	NCLB171009	9/1/08 - 8/31/09	18,727.00	(1,500.00)	1,500.00	(12,651.00)		
84.367	NCLB171009	9/1/08 - 8/31/09	180.00	(180.00)	180.00			
84.186	NCLB171009	9/1/08 - 8/31/09	801.00	(80.00)	80.00			
84.027	IDEA171009	9/1/08 - 8/31/09	119,869.00	(11,995.00)	11,995.00			
84.173	IDEA171010	9/1/08 - 8/31/09	3,444.00	(3,444.00)	3,444.00			
84.010	NCLB171010	9/1/09 - 8/31/10	22,115.00		16,800.00	(22,115.00)	(5,315.00)	
84.367	NCLB171010	9/1/09 - 8/31/10	18,389.00		16,542.00	(18,389.00)	(1,847.00)	
84.186	NCLB171010	9/1/09 - 8/31/10	221.00		221.00	(221.00)		
84.027	IDEA171010	9/1/09 - 8/31/10	795.00		712.00	(795.00)	(83.00)	
84.173	IDEA171010	9/1/09 - 8/31/10	115,005.00		103,501.00	(115,005.00)	(11,504.00)	
84.391	IDEA171010	9/1/09 - 8/31/10	3,384.00		3,051.00	(3,384.00)	(333.00)	
84.392	IDEA171010	7/1/09 - 8/31/11	113,638.00		67,603.00	(78,373.00)	(10,770.00)	
84.389	NCLB171010	7/1/09 - 8/31/11	4,106.00					
Total U.S. Department of Education			\$	(19,245.00)	\$ 228,531.00	\$ (252,010.00)	\$ (42,724.00)	\$ -0-
Total Expenditures of Federal Awards			\$	(22,059.98)	\$ 287,883.72	\$ (310,368.84)	\$ (45,269.12)	\$ 724.01

See accompanying notes to schedules of expenditures of awards and financial assistance.

BOROUGH OF GARWOOD SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2009	CASH RECEIPTS	BUDGETARY EXPENDITURES	ADJUSTMENT	BALANCE (ACCOUNTS RECEIVABLE) JUNE 30, 2010	MEMO	
									BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
State Department of Education										
General Funds:										
Special Education Categorical Aid	10-495-034-5120-089	7/1/09 - 6/30/10	\$ 273,086.00	\$	\$ 236,317.63	\$ (273,086.00)	\$ 36,768.37	\$	\$ 36,768.37	\$ 273,086.00
Security Aid	10-495-034-5120-084	7/1/09 - 6/30/10	25,834.00		22,355.70	(25,834.00)	3,478.30		3,478.30	25,834.00
Equalization Aid	10-495-034-5120-078	7/1/09 - 6/30/10	73,785.00		63,850.57	(73,785.00)	9,934.43		9,934.43	73,785.00
Transportation Aid	10-495-034-5120-014	7/1/09 - 6/30/10	102,814.00		88,971.10	(102,814.00)	13,842.90		13,842.90	102,814.00
Extraordinary Special Education Costs Aid	09-100-034-5120-473	7/1/08 - 6/30/09	96,563.00	(96,563.00)	96,563.00	(65,024.00)		(65,024.00)	96,563.00	96,563.00
Extraordinary Special Education Costs Aid	10-100-034-5120-473	7/1/09 - 6/30/10	65,024.00		2,088.00					(65,024.00)
Nonpublic School Transportation Aid	09-495-034-5120-044	7/1/08 - 6/30/09	2,088.00	(2,088.00)						2,088.00
Nonpublic School Transportation Aid	10-495-034-5120-044	7/1/09 - 6/30/10	2,971.00		137,627.00	(2,971.00)		(2,971.00)	2,088.00	(2,971.00)
On-behalf TPAF Pension - post retirement medical	10-495-034-5095-001	7/1/09 - 6/30/10	137,627.00		7,328.00	(137,627.00)				137,627.00
On-behalf TPAF pension contribution	09-495-034-5095-006	7/1/09 - 6/30/10	7,328.00	(8,247.74)	8,247.74	(7,328.00)				7,328.00
Reimbursed TPAF social security contributions	09-495-034-5095-002	7/1/08 - 6/30/09	163,617.35		163,964.73	(172,277.22)		(8,312.49)	8,312.49	163,617.35
Reimbursed TPAF social security contributions	10-495-034-5095-002	7/1/09 - 6/30/10	172,277.22							172,277.22
Total General Funds			\$ (106,898.74)	\$ 827,313.47	\$ (860,746.22)	\$ 64,024.00	\$ 170,987.49	\$	\$ 170,987.49	\$ 987,024.57
Enterprise Fund:										
State School Lunch Program	09-100-010-3360-067	7/1/08 - 6/30/09	1,541.42	(272.00)	272.00					\$ 1,541.42
State School Lunch Program	10-100-010-3360-067	7/1/09 - 6/30/10	1,774.74		1,620.62	(1,774.74)		(154.12)	(154.42)	1,774.74
Total Enterprise Fund			\$ (272.00)	\$ 1,892.62	\$ (1,774.74)	\$ - 0 -	\$ (154.12)	\$	\$ (154.42)	\$ 3,316.16
Capital Projects Fund:										
New Jersey Economic Development Authority		Various	8,000.00			(8,000.00)				\$ 8,000.00
New Jersey Economic Development Authority		Various	171,405.00			(171,405.00)				171,405.00
New Jersey Economic Development Authority		Various	3,460,235.00	(172,122.80)				(172,122.80)		3,460,235.00
Total Capital Projects Fund			\$ (172,122.80)	\$ - 0 -	\$ (179,405.00)	\$ - 0 -	\$	\$ (351,527.80)	\$ 351,527.80	\$ 3,639,640.00
Total Expenditures of State Financial Assistance			\$ (279,293.54)	\$ 829,206.09	\$ (1,041,925.96)	\$ 64,024.00	\$ 427,989.41	\$	\$ 522,360.87	\$ 4,629,980.73

See accompanying notes to schedules of expenditures of awards and financial assistance.

Borough of Garwood School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2010

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Borough of Garwood School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

Borough of Garwood School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2010

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$7,030.00) for the general fund and (\$1,609.00) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$24,833.00	\$853,651.47	\$878,484.47
Special Revenue Fund	250,401.00		250,401.00
Capital Projects Fund		179,405.00	179,405.00
Food Service Fund	33,525.84	1,774.74	35,300.58
	<u>33,525.84</u>	<u>1,774.74</u>	<u>35,300.58</u>
Total Awards & Financial Assistance	<u>\$308,759.84</u>	<u>\$1,034,831.21</u>	<u>\$1,343,591.05</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent 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. The amount reported as TPAF pension contributions reported in the financial statements represents the amount paid by the state on behalf of the district for the year ended June 30, 2010.

Borough of Garwood School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--------------------------------------------------------------------------------------------|-------------|
| (1) | Type of Auditor’s Report Issued: | Unqualified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (3) | Noncompliance material to basic financial statements noted? | No |

Federal Program(s) – Not Applicable

State Program(s)

- | | | |
|-----|-----------------------------------------------------------------------------------------------------------|---------------|
| (1) | Internal Control Over Major State Programs: | |
| | (a) Material weakness identified? | None Reported |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | N/A |
| (2) | Type of Auditor’s Report issued on compliance for major state program(s)? | Unqualified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04? | None Reported |

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>	<u>Grant Period</u>		<u>Type</u>	<u>Award Amount</u>	<u>Expended FY '10</u>
		<u>From</u>	<u>To</u>			
State Aid-Public:						
Equalization Aid	10-495-034-5120-078					
Special Education	10-495-034-5120-089	7/1/09	6/30/10	A	\$372,705.00	\$372,705.00
Categorical Aid						
Security Aid	10-495-034-5120-084					

Borough of Garwood School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section I – Summary of Auditor’s Results (Continued)

State Program(s) Continued

- (5) Program Threshold Determination:
Type A State Program Threshold > \$300,000.00
Type B State Program Threshold <= \$300,000.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular A-133? Yes

Section II – Financial Statement Audit – Reported Findings
Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs:

Finding #FY 2010-01:

Receipts, disbursements, and journal entries for the General, Special Revenue, Debt Service, Capital Projects, and Enterprise funds were consistently posted to the financial accounting system inaccurately.

We recommend that the Business Administrator/Board Secretary properly post all receipts, disbursements, and journal entries in the proper account during the applicable period.

Finding #FY 2010-02:

October 15th data was not used for the ASSA. Each time a revision was submitted, data was used as of the date of the submission. The number of students listed as 'low income' on the ASSA exceeds supporting documentation by 15 students, and the number of students listed as 'LEP' on the ASSA exceeds supporting documentation by 4 students.

We recommend that all data used on the final submission of the ASSA accurately match the District's supporting documentation as of October 15th.

Borough of Garwood School District
Schedule of Prior Year Audit Findings

Not Applicable

