

**GREAT MEADOWS  
REGIONAL SCHOOL DISTRICT**

**Great Meadows Regional School District  
Board of Education  
Great Meadows, Warren County  
New Jersey**

**Comprehensive Annual Financial Report  
For The Fiscal Year Ended June 30, 2010**



# **Comprehensive Annual**

## **Financial Report**

**of the**

**Great Meadows Regional School District  
Board of Education**

**Great Meadows, New Jersey**

**For the Fiscal Year Ending June 30, 2010**

**Prepared by**

**Great Meadows Regional School District**

**Board of Education**

**Finance Department**

# OUTLINE OF CAFR

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# Introductory Section

# GREAT MEADOWS REGIONAL SCHOOL DISTRICT

PO Box 74  
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Superintendent  
Administrator

ELLEN WEISS  
Administrative Assistant  
SUPERINTENDENT'S OFFICE  
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JULIE MUMAW  
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Board Secretary

BUSINESS  
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August 31, 2010

Honorable President and  
Members of the Board of Education  
Great Meadows Regional School District  
County of Warren, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Great Meadows Regional School District for the fiscal year ended June 30, 2010, is hereby submitted. Great Meadows Regional School District is a K-12 regional district, which became operational July 1, 1994. The constituent districts are Independence Township and Liberty Township. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Great Meadows Regional Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic

information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** Great Meadows Regional School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. Great Meadows Regional Board of Education and its three school buildings, Central School and Great Meadows Middle School located in Independence Township and Liberty School located in Liberty Township, constitute the District's reporting entity.

The District provided a full range of educational services appropriate to grade levels preschool disabled through 12. Liberty School housed one multiply disabled class, one part-time preschool disabled class and grades K-5; Central School housed grades K-5; Great Meadows Middle School housed a multiply disabled class and grades 6-8. All high school students from the District, grades 9-12, attended Hackettstown High School on a tuition basis. The District completed the 2009-10 fiscal year with a K-8 enrollment of **976** students (Central School housed 392, Liberty School housed 241, Great Meadows Middle School housed 343). There was a grade 9-12 enrollment of **439** students, and an additional **26** students were sent out-of-district to special programs and **7** students attending the regional charter school for a total resident enrollment of **1,448** students.

The following details the changes in students on roll enrollment of the District, as well as in each school building, since the District became operational July 1, 1994:

	Average Daily Enrollment			
	<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change %</u>	
<b>Central School</b>	2009-10	390.2	(0.002)	
	2008-09	391.0	(0.001)	
	2007-08	391.6	3.79	
	2006-07	377.3	(1.10)	
	2005-06	381.5	(3.07)	
	2004-05	393.6	23.1 * 1	
	2003-04	319.8	(7.6)	
	*1 Changed from K-4 to K-5 2004-05	2002-03	346.1	(5.8)
		2001-02	367.4	0.55

	2000-01	365.4	(2.09)
	1999-00	373.2	(3.81)
	1998-99	388.0	(27.54) *2
*2 Changed from K-6 to K-4 1998-99	1997-98	535.5	1.00
	1996-97	530.2	(0.80)
<b>Liberty School</b>	2009-10	229.7	(0.025)
	2008-09	235.5	(0.02)
	2007-08	240.2	(11.66)
	2006-07	271.9	3.46
	2005-06	262.8	6.01
	2004-05	247.8	43.7 *3
	2003-04	208.0	(4.37)
*3 Changed from K-4 to K-5 2004-05	2002-03	217.5	3.57
	2001-02	210.0	1.06
	2000-01	207.8	(10.74)
	1999-00	232.8	(5.13)
	1998-99	245.4	(35.91) *4
*4 Changed from K-8 to K-4 1998-99	1997-98	382.9	0.95
	1996-97	379.3	2.46
<b>Middle School</b>	2009-10	332.7	2.46
	2008-09	324.7	.003
	2007-08	323.5	(9.18)
	2006-07	356.2	(0.78)
	2005-06	359.0	(0.91)
	2004-05	362.3	(29.3) *5
	2003-04	512.4	3.22
*5 Changed from gr. 5-8 to gr. 6-8 2004-05	2002-03	496.4	(0.16)
	2001-02	497.2	0.14
	2000-01	496.5	2.50
	1999-00	484.4	.90
	1998-99	480.1	- *6
*6 Middle School became operational September 14, 1998			
<b>Total ADE</b>	2009- 10	914.0	( 3.9)
	2008-09	951.2	(0.04)
	2007-08	955.3	(4.99)
	2006-07	1005.4	0.21
	2005-06	1003.3	(0.04)
	2004-05	1003.7	(3.5)
	2003-04	1040.2	(1.87)

2002-03	1060.0	(1.36)
2001-02	1074.6	0.46
2000-01	1069.7	(1.90)
1999-00	1090.4	(2.07)
1998-99	1113.5	21.24 *7
1997-98	918.4	0.98
1996-97	909.5	0.53

\*7 With the opening of the new Middle School, 7<sup>th</sup> and 8<sup>th</sup> graders formerly sent out of district on a tuition basis returned to the on-roll status of the district.

**2) ECONOMIC CONDITION AND OUTLOOK:** The Townships of Independence and Liberty are contiguous and are located in the central portion of Warren County. Independence Township was incorporated in 1782 and consists of 20.1 square miles in area while Liberty Township was formed in 1926 and consists of 12.25 square miles in area.

The Townships, although primarily rural, have experienced moderate population growth over the past decade. The Townships continue to be bedroom communities with very few commercial and industrial ratables. The availability of land, a prime location, an appealing environment and an excellent school system all point to a continuing pattern of growth in the foreseeable future. The Highlands Legislation may affect building in the area.

**3) MAJOR INITIATIVES:** The school district is proud of its efforts over the past thirteen years of operation.

Goals for the future include:

- Maintenance of quality, cost effective educational programs in the presence of decreasing state aid.
- Continued improvement of student 's scores on the NJASK and GEPA tests.
- Continued commitment to the district technology program.
- Continuing to address facility problems due to aging buildings

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

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

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

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. 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 included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2010.

**6) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental 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) DEBT ADMINISTRATION:**

**At June 30, 2010 the District's outstanding debt issue is \$ 7,365,000.**

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

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

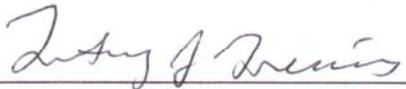
**10) OTHER INFORMATION:**

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Company, LLP, Frenchtown, NJ, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**11) ACKNOWLEDGMENTS:**

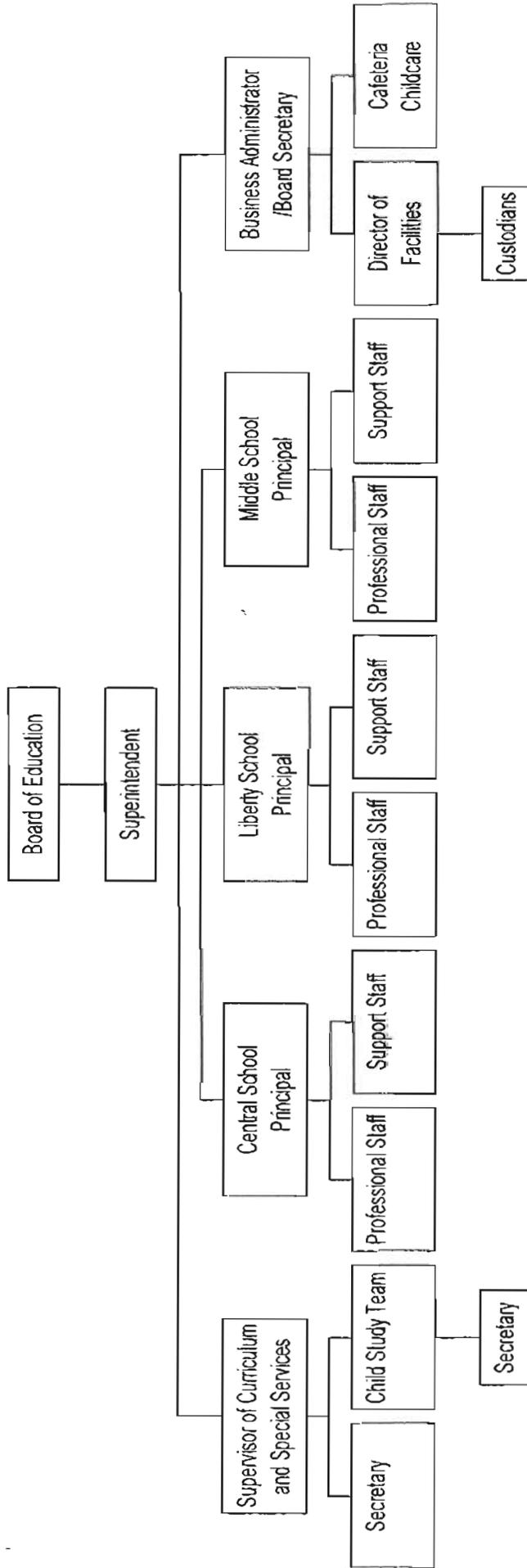
We would like to express our appreciation to the members of the Great Meadows Regional Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,

  
\_\_\_\_\_  
Dr. Timothy Fredricks, Ed. D  
Interim Superintendent

  
\_\_\_\_\_  
Julie R. Mumaw  
Board Secretary

GREAT MEADOWS REGIONAL



**GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**June 30, 2010**

**Members of the Board of Education**

**Term Expires**

Jennifer Cassini, President	April 30, 2011
Edward O'Melia, Vice President	April 30, 2013
Joseph Mailloux	April 30, 2013
Glen Sullivan	April 30, 2011
Jason Schaffer	April 30, 2012
Kim Schaffer	April 30, 2012
William Vonder Haar	April 30, 2012
Joseph Mahal	April 30, 2011
Christy Doyle	April 30, 2013

**Other Officials**

Dr. Tim Frederiks, Superintendent

Julie Mumaw, Board Secretary/School Business Administrator

Paula Hatch, Treasurer

Michael Selvaggi, Attorney

**GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**ATTORNEY**

**Courter, Kolbert & Cohen**  
1001 Route 517  
Hackettstown, New Jersey 07840

**AUDIT FIRM**

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1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192

**FISCAL AGENT**

**Depository Trust**  
55 Water Street, 50th Floor  
New York, NY 10041

**First Hope Bank**  
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Hope, New Jersey 07844

**OFFICIAL DEPOSITORIES**

**First Hope Bank**  
Route 519  
Hope, New Jersey 07844

**Bank of America**  
Main Street  
Hackettstown, New Jersey 07840

# Financial Section

# Independent Auditor's Report



## **ARDITO & Co., LLP**

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Anthony Ardito, CPA, RMA, CMFO, PSA  
Douglas R. Williams, CPA, RMA, PSA  
Anthony F. Ardito, PA, RMA, PSA

### **UNQUALIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND SUPPLEMENTARY SCHEDULE OF FEDERAL AND STATE AWARDS AND OTHER SUPPLEMENTARY INFORMATION-GOVERNMENTAL ENTITY**

#### **Independent Auditor's Report**

The Honorable President and  
Members of the Board of Education  
Great Meadows Regional School District  
County of Warren  
Great Meadows, New Jersey 07838

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, and the aggregate remaining fund information of the Great Meadows Regional School District Board of Education in the County of Warren, State of 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 accounting principles generally accepted in the United States of America.

-Continued-

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2010, on our consideration of the Great Meadows Regional School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 7 through 7.8, and 38 through 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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



Licensed Public School Accountant No. 2369  
ARDITO & CO., LLP

Date: August 31, 2010

**Required Supplementary Information -  
Part I**

**Management's Discussion and Analysis**

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

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

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

**Financial Highlights**

Key financial highlights for 2010 are as follows:

- ◆ In total, net assets decreased \$319,395, which represents a 10.4 percent decrease from 2009. This was mainly due to the planned use of surplus to balance the fiscal year 2010 budget, and the the state of New Jersey's state wide withholding of school aid. In 2010, \$309,100 in budgeted school aid was withheld by the state of New Jersey
- ◆ General revenues accounted for \$12,290,988 in revenue or 60.1 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$7,852,179 or 39.9 percent of total revenues of \$20,143,167.
- ◆ Total assets of governmental activities decreased by \$53,832 as cash and cash equivalents decreased by \$216,798, receivables increased by \$482,090 and capital assets decreased by \$441,742.
- ◆ The School District had \$20,462,562 in expenses; only \$7,852,179 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$12,290,988 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$18,754,220 in revenues and \$19,063,894 in expenditures. The General Fund's surplus balance decreased \$429,014 over 2009. This decrease was again mainly due to the planned use of surplus of \$772,277 to fund the 2010 budget. The district was able to offset a significant portion of the usage by enacting budget savings in various appropriation line items.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Great Meadows Regional School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Great Meadows Regional School District, the General Fund is by far the most significant fund.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

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

**Reporting the School District as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

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

**Governmental Funds**

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's net assets for 2010 compared to 2009.

**Table 1**  
**Net Assets**

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Current and Other Assets	\$ 1,586,767	\$ 1,238,923
Capital Assets	<u>9,472,779</u>	<u>9,874,455</u>
<b>Total Assets</b>	<u>11,059,546</u>	<u>11,113,378</u>
<b>Liabilities</b>		
Long-Term Liabilities	7,156,979	7,496,972
Other Liabilities	<u>1,148,545</u>	<u>542,989</u>
<b>Total Liabilities</b>	<u>8,305,524</u>	<u>8,039,961</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	2,107,779	2,209,455
Restricted	851,370	1,249,737
Unrestricted	<u>(205,127)</u>	<u>(385,775)</u>
<b>Total Net Assets</b>	<u>\$ 2,754,022</u>	<u>\$ 3,073,417</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

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

Total assets decreased \$53,832. Cash and cash equivalents decreased by \$216,798, receivables increased by \$482,090 and capital assets decreased by \$441,742. Receivables increased due to federal grants that have not yet been drawn down. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$97,994.

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

**Table 2**  
**Changes in Net Assets**

	<u>2010</u>	<u>2009</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 179,558	\$ 180,157
Operating Grants and Contributions	7,672,621	7,494,455
General Revenues:		
Property Taxes	12,099,677	11,915,191
Grants and Entitlements	79,560	-
Other	<u>111,751</u>	<u>145,792</u>
<b>Total Revenues</b>	<u>20,143,167</u>	<u>19,735,595</u>
<b>Program Expenses</b>		
Instruction	7,450,160	7,141,594
Support Services:		
Pupils and Instructional Staff	8,965,470	8,931,633
General Administration, School Administration, Business	1,081,354	1,105,167
Operations and Maintenance of Facilities	1,266,575	1,231,186
Pupil Transportation	1,114,332	1,253,663
Business-Type Activities	226,973	228,484
Interest and Fiscal Charges	<u>357,698</u>	<u>368,632</u>
<b>Total Expenses</b>	<u>20,462,562</u>	<u>20,260,359</u>
Increase in Net Assets	<u>\$ (319,395)</u>	<u>\$ (524,764)</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

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

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 61.0 percent of revenues for governmental activities for the Great Meadows Regional School District for the fiscal year 2010.

Instruction comprises 36.4 percent of district expenses. Support services expenses make up 60.7 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2010</u>	<u>Total Cost of Services 2009</u>	<u>Net Cost of Services 2009</u>
Instruction	\$ 7,450,160	\$ 4,434,488	\$ 7,141,594	\$ 4,416,749
Support Services:				
Pupils and Instructional Staff	8,965,470	5,772,856	8,931,633	5,656,063
General Admin., School Admin., Business	1,081,354	701,279	1,105,167	715,563
Operation and Maintenance of Facilities	1,266,575	821,399	1,231,186	797,157
Pupil Transportation	1,114,332	722,667	1,253,663	811,710
Business-Type Activities	226,973	(11,276)	228,484	(9,193)
Interest and Fiscal Charges	<u>357,698</u>	<u>168,970</u>	<u>368,632</u>	<u>197,698</u>
<b>Total Expenses</b>	<u>\$ 20,462,562</u>	<u>\$ 12,610,383</u>	<u>\$ 20,260,359</u>	<u>\$ 12,585,747</u>

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

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

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

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

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

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service and child care.

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

The dependence upon tax revenues is apparent. Over 59.5 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 64.5 percent. The community, as a whole, is the primary support for the Great Meadows Regional School District.

### **The School District's Funds**

Information about the School District's major funds starts on page 10. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$19,904,918 and expenditures of \$20,150,148. The change in fund balance for the year was significant in the General Fund, a decrease of \$429,014. This was mainly due to the planned use of surplus to balance the 2010 budget, and the withholding of state aid.

### **General Fund Budgeting Highlights**

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

During the course of the fiscal 2010 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

Salary costs proved to be slightly lower than anticipated in the original budget due to unanticipated staff resignations as well as staff members being moved within programs accounted for lower salary costs in several accounts.

For the General Fund, budget basis revenue and other financing sources, excluding TPAF on-behalf amount, was \$17,901,766, \$352,606 under original budgeted estimates of \$18,254,372. This difference was due to the State of New Jersey's state wide withholding of school aid. In 2010, \$309,100 in budgeted school aid was withheld by the state of New Jersey

General fund budget basis expenditures, excluding TPAF on-behalf amount, was \$18,320,669, \$692,980 under original budget estimate of \$19,013,649. This difference was due primarily to across the board expense savings initiatives.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

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

**Capital Assets**

At the end of the fiscal year 2010, the School District had \$9,432,713 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2010 balances compared to 2009.

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

	<u>2010</u>	<u>2009</u>
Land	\$ 159,653	\$ 159,653
Land Improvements	10,208	44,513
Buildings and Improvements	9,076,294	9,384,251
Machinery and Equipment	<u>186,558</u>	<u>245,702</u>
Totals	<u>\$ 9,432,713</u>	<u>\$ 9,834,119</u>

Overall capital assets decreased \$401,406 from fiscal year 2009 to fiscal year 2010, due primarily to depreciation.

Major capital items totaling \$44,106 was purchased during fiscal year 2010

**Debt Administration**

At June 30, 2010, the School District had \$7,506,979 as outstanding debt. Of this amount \$141,979 is for compensated absences, and the balance \$7,365,000 for bonds for school construction.

At June 30, 2010, the School District's overall legal debt margin was \$32,835,631 and the unvoted debt margin was \$25,470,631.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

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

**For the Future**

The Great Meadows Regional School District is in very good financial condition presently. A major concern is the continued enrollment growth of the District with the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and state funding is decreased.

Great Meadows Regional School District did not successfully pass the 2010-2011 school budget. The constituent townships deferred the matter to the State of New Jersey to decide on the matter, resulting in a \$540,343 reduction in the tax levy. This coupled with the steady decrease in state aid to offset local property taxes will make fiscal year 2011 a challenging year. In the past, the District garnered local support of its budget for over 10 years. This problem seems to be statewide and is not exclusive to the Great Meadows Regional School District. Great Meadows Regional School District is primarily a residential community, with very few ratables, thus the burden is focused on homeowners to bear the tax burden.

In conclusion, the Great Meadows Regional School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Julie R. Mumaw, School Business Administrator/Board Secretary at Great Meadows Regional School District, P.O. Box 74, Great Meadows, NJ 07838.

# Basic Financial Statements

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

## GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit A-1

## STATEMENT OF NET ASSETS

June 30, 2010

	GOVERNMENTAL BUSINESS-TYPE		TOTAL
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 648,299	\$ 77,491	\$ 725,790
Receivables, Net	599,467	2,732	602,199
Inventory		7,022	7,022
Restricted Assets:			
Capital Reserve Account - Cash	251,756		251,756
Capital Assets, Net (Note 6):	9,432,713	40,066	9,472,779
<b>Total Assets</b>	<u>10,932,235</u>	<u>127,311</u>	<u>11,059,546</u>
<b>LIABILITIES</b>			
Short-Term Note Payable (Note 19)	285,000		285,000
Deferred Revenue	364,510	4,591	369,101
Accrued Interest	144,444		144,444
Noncurrent Liabilities (Note 7):			
Due Within One Year	350,000		350,000
Due Beyond One Year	7,156,979		7,156,979
<b>Total Liabilities</b>	<u>8,300,933</u>	<u>4,591</u>	<u>8,305,524</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	2,067,713	40,066	2,107,779
Restricted for:			
Capital Reserve Account	251,756		251,756
Other Purposes	599,614		599,614
Unrestricted	(287,781)	82,654	(205,127)
<b>Total Net Assets</b>	<u>\$ 2,631,302</u>	<u>\$ 122,720</u>	<u>\$ 2,754,022</u>

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:							
Instruction:							
Regular	\$ 6,625,624		\$ 2,725,864		\$ (3,899,760)		\$ (3,899,760)
Special Education	610,771		214,674		(396,097)		(396,097)
Other Special Instruction	213,765		75,134		(138,631)		(138,631)
Support Services:							
Tuition	7,471,174		2,625,968		(4,845,206)		(4,845,206)
Student & Instruction Related Services	1,494,296		566,646		(927,650)		(927,650)
School Administrative Services	497,091		174,718		(322,373)		(322,373)
General and Business Admin. Services	584,263		205,357		(378,906)		(378,906)
Plant Operations and Maintenance	1,266,575		445,176		(821,399)		(821,399)
Pupil Transportation	1,114,332		391,665		(722,667)		(722,667)
Interest on Long-Term Debt	322,057		188,728		(133,329)		(133,329)
Unallocated Depreciation	35,641				(35,641)		(35,641)
Total Governmental Activities	20,235,589		7,613,930		(12,621,659)		(12,621,659)
Business-Type Activities:							
Food Service	226,973	\$ 179,558	58,691			\$ 11,276	11,276
Total Business-Type Activities	226,973	179,558	58,691			11,276	11,276
<b>Total Primary Government</b>	<b>\$ 20,462,562</b>	<b>\$ 179,558</b>	<b>\$ 7,672,621</b>		<b>\$ (12,621,659)</b>	<b>\$ 11,276</b>	<b>\$ (12,610,383)</b>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 11,664,104		\$ 11,664,104
Taxes Levied for Debt Service					435,573		435,573
Federal and State Aid for Capital Asset Projects					79,560		79,560
Investment Earnings					5,226		5,226
Miscellaneous Income					106,525		106,525
Total General Revenues, Special Items, Extraordinary Items and Transfers					12,290,988	-	12,290,988
Change in Net Assets					(330,671)	11,276	(319,395)
Net Assets—Beginning					2,961,973	111,444	3,073,417
Net Assets—Ending					\$ 2,631,302	\$ 122,720	\$ 2,754,022

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

## **FUND FINANCIAL STATEMENTS**

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2010

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$793,314		\$103,823	\$2,918	\$900,055
Interfund Receivable	5,996				5,996
Receivables from Other Governments	149,401	\$370,506	79,560		599,467
<b>TOTAL ASSETS</b>	<b>\$948,711</b>	<b>\$370,506</b>	<b>\$183,383</b>	<b>\$2,918</b>	<b>\$1,505,518</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Short-Term Loan	285,000				285,000
Interfund Payable		5,996			5,996
Deferred Revenue		364,510			364,510
<b>Total Liabilities</b>	<b>285,000</b>	<b>370,506</b>	<b>-</b>	<b>-</b>	<b>655,506</b>
<b>Fund Balances:</b>					
Reserved for:					
Capital Reserve Account	251,756				251,756
Encumbrances	86,183				86,183
Excess Surplus	5,853				5,853
Excess Surplus - Designated for Subsequent Year's Expenditures	223,761				223,761
Unreserved, Reported in:					
Capital Projects Fund			183,383		183,383
Debt Service Fund				2,918	2,918
General Fund - Designated for Subseq. Year's Expenditures	370,000				370,000
General Fund - Undesignated	(273,842)				(273,842)
<b>Total Fund Balances</b>	<b>663,711</b>		<b>183,383</b>	<b>2,918</b>	<b>850,012</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$948,711</b>	<b>\$370,506</b>	<b>\$183,383</b>	<b>\$2,918</b>	<b>\$1,505,518</b>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,881,022 and the accumulated depreciation is \$7,448,309.	\$9,432,713
Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(144,444)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	<u>(7,506,979)</u>
Net assets of governmental activities	<u>\$2,631,302</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
<b>Local sources:</b>					
Local Tax Levy	\$ 11,664,104			\$ 435,573	\$ 12,099,677
Interest Income	574			4,000	4,574
Miscellaneous	102,861	\$ 4,316			107,177
<b>Total - Local Sources</b>	<b>11,767,539</b>	<b>4,316</b>	<b>-</b>	<b>439,573</b>	<b>12,211,428</b>
<b>State Sources</b>	<b>6,112,192</b>	<b>914</b>	<b>\$ 79,560</b>	<b>188,728</b>	<b>6,381,394</b>
<b>Federal Sources</b>	<b>874,489</b>	<b>437,607</b>			<b>1,312,096</b>
<b>Total Revenues</b>	<b>18,754,220</b>	<b>442,837</b>	<b>79,560</b>	<b>628,301</b>	<b>19,904,918</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Regular Instruction	4,708,436	387,487			5,095,923
Special Education Instruction	508,255				508,255
Other Special Instruction	177,885				177,885
Support services and undistributed costs:					
Tuition	6,217,157				6,217,157
Student and Instruction Related Services	1,202,051	41,431			1,243,482
School Administrative Services	413,656				413,656
Other Administrative Services	486,196				486,196
Plant Operations and Maintenance	1,053,984				1,053,984
Pupil Transportation	927,294				927,294
Unallocated Benefits	3,246,451				3,246,451
Transfer to Charter School	90,000				90,000
<b>Debt Service:</b>					
Principal				300,000	300,000
Interest and Other Charges				327,900	327,900
<b>Capital Outlay</b>	<b>32,529</b>	<b>13,919</b>	<b>15,517</b>		<b>61,965</b>
<b>Total Expenditures</b>	<b>19,063,894</b>	<b>442,837</b>	<b>15,517</b>	<b>627,900</b>	<b>20,150,148</b>
Excess (Deficiency) of Revenues Over Expenditures	(309,674)	-	64,043	401	(245,230)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers - Capital Projects Fund	(119,340)		119,340		
<b>Total Other Financing Sources and Uses</b>	<b>(119,340)</b>	<b>-</b>	<b>119,340</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(429,014)	-	183,383	401	(245,230)
Fund Balance—July 1	1,092,725	-		2,517	1,095,242
<b>Fund Balance—June 30</b>	<b>\$ 663,711</b>	<b>-</b>	<b>\$ 183,383</b>	<b>\$ 2,918</b>	<b>\$ 850,012</b>

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ (245,230)

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 capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (445,512)	
Capital Outlays	<u>44,106</u>	(401,406)

Repayment of bond principal 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. 300,000

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which the prior year's amount of interest accrual exceeds the current year's amount. 5,843

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This amount is the amount by which the current year's compensated absence payments exceed the current year's amount earned. 10,122

**Change in Net Assets of Governmental Activities** \$ (330,671)

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

## GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET ASSETS  
PROPRIETARY FUNDS

June 30, 2010

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Totals</u></b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and Cash Equivalents	\$ 77,491	\$ 77,491
Accounts Receivable	2,732	2,732
Inventories	7,022	7,022
<b>Total Current Assets</b>	<b>87,245</b>	<b>87,245</b>
<b>Noncurrent Assets:</b>		
Furniture, Machinery and Equipment	279,855	279,855
Less Accumulated Depreciation	(239,789)	(239,789)
<b>Total Noncurrent Assets</b>	<b>40,066</b>	<b>40,066</b>
<b>Total Assets</b>	<b>127,311</b>	<b>127,311</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Deferred Revenue	4,591	4,591
<b>Total Current Liabilities</b>	<b>4,591</b>	<b>4,591</b>
<b>Total Liabilities</b>	<b>4,591</b>	<b>4,591</b>
<b>NET ASSETS</b>		
Invested in Capital Assets Net of Related Debt	40,606	40,606
Unrestricted	82,114	82,114
<b>Total Net Assets</b>	<b>\$ 122,720</b>	<b>\$ 122,720</b>

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 137,093	\$ 137,093
Daily Sales - Non-Reimbursable Programs	42,162	42,162
Miscellaneous	303	303
<b>Total Operating Revenues</b>	<u>179,558</u>	<u>179,558</u>
<b>Operating Expenses:</b>		
Cost of Sales	110,650	110,650
Salaries	81,008	81,008
Employee Benefits	19,562	19,562
Other Purchased Professional Services	15,483	15,483
Depreciation	270	270
<b>Total Operating Expenses</b>	<u>226,973</u>	<u>226,973</u>
Operating Income (Loss)	<u>(47,415)</u>	<u>(47,415)</u>
<b>Nonoperating Revenues (Expenses):</b>		
State Sources:		
State School Lunch Program	3,445	3,445
Federal Sources:		
National School Lunch Program	42,775	42,775
Special Milk Program	994	994
Food Distribution Program	11,477	11,477
<b>Total Nonoperating Revenues (Expenses)</b>	<u>58,691</u>	<u>58,691</u>
Income (Loss)	11,276	11,276
Change in Net Assets	<u>11,276</u>	<u>11,276</u>
Total Net Assets—Beginning (As Restated)	111,444	111,444
<b>Total Net Assets—Ending</b>	<u>\$ 122,720</u>	<u>\$ 122,720</u>

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

## GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2010

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 179,558	\$ 179,558
Payments to Employees	(81,008)	(81,008)
Payments for Employee Benefits	(19,562)	(19,562)
Payments to Suppliers	(115,410)	(115,410)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>(36,422)</b>	<b>(36,422)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	3,469	3,469
Federal Sources	44,106	44,106
Operating Subsidies and Transfers to Other Funds	-	-
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>47,575</b>	<b>47,575</b>
Net Increase (Decrease) in Cash and Cash Equivalents	11,153	11,153
Balances—Beginning of Year	66,338	66,338
<b>Balances—End of Year</b>	<b>\$ 77,491</b>	<b>\$ 77,491</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (47,415)	\$ (47,415)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation and Net Amortization	270	270
Federal Commodities	11,477	11,477
(Increase) Decrease in Accounts Receivable, Net		
(Increase) Decrease in Inventories	(754)	(754)
Increase (Decrease) in Accounts Payable		
Total Adjustments	10,993	10,993
Net Cash Provided by (used for) Operating Activities	\$ (36,422)	\$ (36,422)

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

June 30, 2010

	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 16,696
<b>Total Assets</b>	<u>\$ 16,696</u>
<b>LIABILITIES</b>	
Payroll Deductions and Withholding	\$ 7,910
Payable to Student Groups	8,786
<b>Total Liabilities</b>	<u>\$ 16,696</u>

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

# Notes to Financial Statements

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education (Board) of the Great Meadows Regional School District (District) have been prepared in conformity with 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.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, and Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45). The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2009.

**A. Reporting Entity:**

The Great Meadows Regional School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Great Meadows Regional School District had an approximate enrollment at June 30, 2010, of 962 students.

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

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**B. Basis of Presentation, Basis of Accounting:**

The School 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 between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net assets presents the financial condition of the governmental and business-type activity of the School 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 requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general 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 School District.

*Fund Financial Statements:* During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*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.

**GOVERNMENTAL FUNDS**

The District reports the following governmental funds:

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**B. Basis of Presentation, Basis of Accounting (Continued):**

**GOVERNMENTAL FUNDS (Continued)**

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 Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**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.

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

**Enterprise (Food Service) Fund** - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's 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 costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**B. Basis of Presentation, Basis of Accounting (Continued):**

Additionally, the District reports the following fund type:

**Fiduciary Funds** - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund and Payroll Agency Fund.

**Basis of Accounting**

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; the enterprise fund and fiduciary funds use the 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 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 is 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 transaction 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, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**C. 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 for approval 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, except for the special revenue funds. 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/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. 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 fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

**D. 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, 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.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

**Interfund Transactions:**

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Inventories:**

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

**Allowance for Uncollectible Accounts:**

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**Capital Assets:**

The District has established a 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. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention 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 and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**E. Assets, Liabilities and Equity (Continued):**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

**Compensated Absences:**

The District accounts for compensated absences (e.g., unused vacation, sick leave) 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 vacation and sick leave with the District's personnel policies. Upon termination, employees are paid accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

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.

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

**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.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**E. Assets, Liabilities and Equity (Continued):**

**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 School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School 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.

**Fund Balance Reserves:**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or 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 Nonexchange 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.

Nonexchange transactions, in which the School 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 School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

**E. Assets, Liabilities and Equity (Continued):**

**Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

**Allocation of Indirect Expenses:**

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

**Extraordinary and Special Items:**

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

**Management Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual amounts could differ from those estimates.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The Board has no policy regarding custodial risk for deposits.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2010, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2010, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (B-7)</u>	<u>Total</u>
Checking Accounts	\$725,790	\$16,696	\$742,486
Checking Accounts-Capital Reserve	251,756		251,756
	<u>\$977,546</u>	<u>\$16,696</u>	<u>\$994,242</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2010, was \$994,242 and the bank balance was \$1,801,075. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$260,184 was covered by federal depository insurances and \$1,540,891 was covered by collateral pool.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2010, consisted of accounts (child care and transportation), and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$ 104,161	\$ 104,365
Federal Aid	368,456	370,984
Tuition	125,009	125,009
Other	<u>1,841</u>	<u>1,841</u>
Gross Receivable	599,467	602,199
Less: Allow. for Uncollectibles		
Total Receivables, Net	<u><u>\$ 599,467</u></u>	<u><u>\$ 602,199</u></u>

**NOTE 4: INVENTORY**

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

Food	<u><u>\$7,022</u></u>
------	-----------------------

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 5: DEFERRED BOND ISSUANCE COSTS**

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 6: CAPITAL ASSETS**

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 159,653			\$ 159,653
Total Capital Assets Not Being Depreciated	<u>159,653</u>		-	<u>159,653</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	686,100			686,100
Buildings and Building Improvements	14,784,817			14,784,817
Machinery and Equipment	1,206,346	\$ 44,106		1,250,452
Total at Historical Cost	<u>16,677,263</u>	<u>44,106</u>	-	<u>16,721,369</u>
Less Accumulated Depreciation for:				
Land Improvements	(641,587)	(34,305)		(675,892)
Building and Improvements	(5,400,566)	(307,957)		(5,708,523)
Equipment	(960,644)	(103,250)		(1,063,894)
Total Accumulated Depreciation	<u>(7,002,797)</u>	<u>(445,512)</u>		<u>(7,448,309)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>9,674,466</u>	<u>(401,406)</u>	-	<u>9,273,060</u>
<b>Government Activity Capital Assets, Net</b>	<b><u>\$ 9,834,119</u></b>	<b><u>\$ (401,406)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,432,713</u></b>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 409,871
Unallocated	<u>35,641</u>
Total	<u>\$ 445,512</u>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 7: LONG-TERM OBLIGATIONS**

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

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2010, are as follows:

	Balance			Balance	Amounts
	<u>7/1/09</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/10</u>	<u>Due Within</u>
					<u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Debt	\$7,665,000		(\$300,000)	\$7,365,000	\$350,000
Other Liabilities:					
Compensated Absences Payable	152,101		(10,122)	141,979	
<b>Total</b>	<u>\$7,817,101</u>	<u>\$0</u>	<u>(\$310,122)</u>	<u>\$7,506,979</u>	<u>\$350,000</u>

Compensated absences and capital leases have been liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 7: LONG-TERM OBLIGATIONS - (CONTINUED)**

For the year ended June 30, 2010, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			Balance <u>June 30, 2010</u>
	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	
Bonds Payable	12/20/07	4.0 to 4.75%	1/15/2025	<u>\$ 7,365,000</u>
Total Bonds				<u>\$ 7,365,000</u>

**B. Debt Service Requirements:**

Debt Service requirements on serial bonds payable at June 30, 2010, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 350,000	\$ 315,150	\$ 665,150
2012	415,000	301,150	716,150
2013	440,000	284,550	724,550
2014	465,000	263,650	728,650
2015	480,000	241,562	721,562
Thereafter	<u>5,215,000</u>	<u>1,197,201</u>	<u>6,412,201</u>
	<u>\$ 7,365,000</u>	<u>\$ 2,603,263</u>	<u>\$ 9,968,263</u>

As of June 30, 2010, the District had no authorized but not issued bonds.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 8: OPERATING LEASES**

The District has commitments to lease copying equipment under operating leases which expire on various dates. Total operating lease payments made during the year ended June 30, 2010, were \$18,900. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2011	<u>None</u>

**NOTE 9: PENSION PLANS**

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

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 9: PENSION PLANS (Continued)**

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 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).

Members may seek 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 provisions 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 members' accounts.

**Significant Legislation** - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

**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 both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**Three-Year Trend Information for PERS**

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	\$98,139	100 %	-0-
6/30/2009	\$99,661	100	-0-
6/30/2008	\$78,362	100	-0-

**Three-Year Trend Information for TPAF (Paid on-behalf of the District)**

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2010	-0-	100 %	-0-
6/30/2009	-0-	100	-0-
6/30/2008	-0-	100	-0-

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 9: PENSION PLANS (Continued)**

During the fiscal year ended June 30, 2010, the State of New Jersey did contribute \$411,411 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$451,154 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 District-wide financial statements, and the fund-based statements and schedules as revenues and expenditures in accordance with GASB Statement No.24.

**NOTE 10: POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 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 a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 P.L. 1994, c.62. 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 is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education 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.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the the State of New Jersey and as such, no district OPEB liability exists.

**NOTE 11: DEFERRED COMPENSATION**

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

Syracusa - SBP Sun National  
John Hancock Signature Services  
Lincoln National Life  
AXA Equitable

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 12: COMPENSATED ABSENCES**

The District accounts for compensated absences (e.g., unused vacation, sick leave) 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 vacation and sick leave in varying amounts under the District's personnel policies. In the event of retirement within the state pension plan, an employee is reimbursed for accumulated vacation and/or unused sick days. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial employment. The liability balance of sick and vacation time as of June 30, 2010 was \$141,979.

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2010, no liability existed for compensated absences in the proprietary fund types.

**NOTE 13: RISK MANAGEMENT**

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

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 14: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**ARBITRAGE REBATE**

As part of a major school building program, bonded debt was issued in excess of limits that could require payment of arbitrage rebates as required under applicable provisions of the Internal Revenue Code. Arbitrage reporting and tracking is maintained by the District and estimated future value of such liability, if any, will be determined at completion of the capital project.

**LITIGATION**

The Board is involved in a dispute with Independence Township concerning the withdrawal of the township from the regional school. The Commissioner of the State Board of Education has determined that the township has no cause for withdrawal and has denied the request for such. However, potential litigation could occur regarding this issue, and if the township is successful, the potential costs involved could be significant and material to the financial stability of the Great Meadows Regional School District.

**NOTE 15: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$663,711 General Fund fund balance at June 30, 2010, \$86,183 is reserved for encumbrances; \$229,614 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$223,761 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2011); \$370,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2011; \$251,756 has been reserved in the Capital Reserve Account; and, \$(273,842) is unreserved and undesignated.

Debt Service Fund - Of the \$2,918 Debt Service fund balance at June 30, 2010, \$2,918 is reserved and is anticipated to be included as anticipated revenue for the year ending June 30, 2012.

**NOTE 16: CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2010 is \$5,853.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**NOTE 17: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Great Meadows Regional School District Board of Education by inclusion of \$1. on October 16, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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

Beginning Balance, July 1, 2009	\$251,182
Interest Earnings	574
Ending Balance, June 30, 2010	<u>\$251,756</u>

**NOTE 18: INTERFUND BALANCES AND ACTIVITY**

The district recorded a current fund interfund receivable balance of \$5,996 for cash resources needed for special revenue activities in anticipation of federal grant receipts.

**NOTE 19: SHORT-TERM LOAN**

On June 10, 2010, the Great Meadows Regional Board of Education obtained approval from the New Jersey Department of Education to issue a short-term note in anticipation of the final state aid payment proceeds. The principal amount borrowed from First Hope Bank on June 28, 2010 was \$285,000 at an interest rate of 2.5%. This note was liquidated in July 2010 upon receipt of the final state aid payment.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 11,664,104		\$ 11,664,104	\$ 11,664,104	
Interest on Capital Reserve	13,000		13,000	574	\$ (12,426)
Miscellaneous	141,600		141,600	102,861	(38,739)
<b>Total - Local Sources</b>	<b>11,818,704</b>		<b>11,818,704</b>	<b>11,767,539</b>	<b>(51,165)</b>
<b>State Sources:</b>					
Equalization Aid	4,819,554	\$ (874,489)	3,945,065	3,635,965	(309,100)
Transportation Aid	766,364		766,364	766,364	
Special Education Aid	721,444		721,444	721,444	
Security Aid	103,213		103,213	103,213	
Other State Aid-Extraordinary Aid	25,093		25,093	22,551	(2,542)
Other State Aid-Transportation Aid				10,201	10,201
TPAF Pension (On-Behalf - Non-Budgeted)				411,411	411,411
TPAF Social Security (Reimbursed - Non-Budgeted)				451,154	451,154
<b>Total State Sources</b>	<b>6,435,668</b>	<b>(874,489)</b>	<b>5,561,179</b>	<b>6,122,303</b>	<b>561,124</b>
<b>Federal Sources:</b>					
ARRA-ESF		841,898	841,898	841,898	
ARRA-GSF		32,591	32,591	32,591	
<b>Total Federal Sources</b>		<b>874,489</b>	<b>874,489</b>	<b>874,489</b>	
<b>TOTAL REVENUES</b>	<b>18,254,372</b>		<b>18,254,372</b>	<b>18,764,331</b>	<b>509,959</b>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Kindergarten - Salaries of Teachers	238,369	(41,444)	196,925	168,548	28,377
Grades 1-5 - Salaries of Teachers	2,261,101	(3,000)	2,258,101	2,223,126	34,975
Grades 6-8 - Salaries of Teachers	1,831,442	(2,070)	1,829,372	1,779,549	49,823
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	2,000	3,058	5,058	5,058	
Purchased Professional-Educational Services	2,000	14,247	16,247	13,247	3,000
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	220,560		220,560	217,778	2,782
Purchased Professional-Educational Services	6,040	1,500	7,540	7,336	204
Other Purchased Services (400-500 series)	54,267	(988)	53,279	48,852	4,427
General Supplies	211,482	41,082	252,564	198,444	54,120
Textbooks	55,000		55,000	43,607	11,393
Other Objects	3,000		3,000	2,891	109
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>4,885,261</b>	<b>12,385</b>	<b>4,897,646</b>	<b>4,708,436</b>	<b>189,210</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning or Language Disabilities:</b>					
Salaries of Teachers	98,421	4,829	103,250	103,250	
General Supplies	500		500		500
<b>Total Learning or Language Disabilities</b>	<b>98,921</b>	<b>4,829</b>	<b>103,750</b>	<b>103,250</b>	<b>500</b>
<b>Multiple Disabilities:</b>					
Salaries of Teachers					
Other Salaries for Instruction					
General Supplies					
<b>Total Multiple Disabilities</b>					
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	419,870		419,870	404,442	15,428
General Supplies	500		500	500	
<b>Total Resource Room/Resource Center</b>	<b>420,370</b>		<b>420,370</b>	<b>404,942</b>	<b>15,428</b>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers					
Other Salaries for Instruction					
General Supplies					
<b>Total Preschool Disabilities - Part-Time</b>					
<b>Home Instruction:</b>					
Salaries of Teachers	700		700		700
Purchased Professional-Educational Services	2,000	(1,937)	63	63	
<b>Total Home Instruction</b>	<b>2,700</b>	<b>(1,937)</b>	<b>763</b>	<b>63</b>	<b>700</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>521,991</b>	<b>2,892</b>	<b>524,883</b>	<b>508,255</b>	<b>16,628</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	178,678		178,678	177,485	1,193
General Supplies	1,200		1,200	400	800
<b>Total Basic Skills/Remedial - Instruction</b>	<b>179,878</b>		<b>179,878</b>	<b>177,885</b>	<b>1,993</b>
<b>TOTAL INSTRUCTION</b>	<b>5,587,130</b>	<b>15,277</b>	<b>5,602,407</b>	<b>5,394,576</b>	<b>207,831</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State-Regular	5,116,488		5,116,488	5,108,018	8,470
Tuition to Other LEAs Within the State-Special	612,514	104,864	717,378	694,391	22,987
Tuition to County Vocational School District - Regular	85,825	(4,350)	81,475	78,225	3,250
Tuition to CSSD & Regional Day Schools	117,000	(100,077)	16,923	16,923	
Tuition to Private Schools for the Disabled-Within State	239,461	59,112	298,573	276,275	22,298
Tuition to Private Schools for the Disabled-Out of State		59,761	59,761	43,325	16,436
<b>Total Instruction</b>	<b>6,171,288</b>	<b>119,310</b>	<b>6,290,598</b>	<b>6,217,157</b>	<b>73,441</b>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Health Services:</b>					
Salaries	228,104		228,104	174,848	53,256
Purchased Professional and Technical Services	5,500		5,500	4,768	732
Supplies and Materials	4,000	80	4,080	3,963	117
<b>Total Health Services</b>	<b>237,604</b>	<b>80</b>	<b>237,684</b>	<b>183,579</b>	<b>54,105</b>
<b>Other Supp. Services Students-Related Services:</b>					
Salaries	103,993	(7,550)	96,443	89,978	6,465
Purchased Professional - Educational Services	121,460	32,120	153,580	146,030	7,550
Supplies and Materials	150		150		150
<b>Total Other Supp. Services Students-Related Services</b>	<b>225,603</b>	<b>24,570</b>	<b>250,173</b>	<b>236,008</b>	<b>14,165</b>
<b>Other Supp. Services Students-Extra.Services:</b>					
Purchased Professional - Educational Services	45,000	(29,680)	15,320	600	14,720
<b>Total Other Supp. Services Students-Extra.Services</b>	<b>45,000</b>	<b>(29,680)</b>	<b>15,320</b>	<b>600</b>	<b>14,720</b>
<b>Other Supp. Services Students-Regular:</b>					
Salaries of Other Professional Staff	138,967	10,038	149,005	149,005	
Salaries of Secretarial and Clerical Assistants	13,229		13,229	13,229	
Purchased Professional - Educational Services	2,500	530	3,030	3,024	6
Other Purchased Services (400-500 series)	300		300	238	62
Supplies and Materials	719	(530)	189	178	11
Other Objects	100		100	20	80
<b>Total Other Supp. Services Students-Regular</b>	<b>155,815</b>	<b>10,038</b>	<b>165,853</b>	<b>165,694</b>	<b>159</b>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	234,986	(3,251)	231,735	230,225	1,510
Salaries of Secretarial and Clerical Assistants	17,159		17,159	17,159	
Purchased Professional - Educational Services	4,500	39,085	43,585	42,477	1,108
Other Purchased Services (400-500 series)	3,000	(625)	2,375	1,624	751
Supplies and Materials	1,800	613	2,413	2,413	
<b>Total Other Supp. Services Students-Special</b>	<b>261,445</b>	<b>35,822</b>	<b>297,267</b>	<b>293,898</b>	<b>3,369</b>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Improvement of Instruction Services:</b>					
Salaries of Supervisors of Instruction	38,557	18,969	57,526	57,526	
Salaries of Secretarial and Clerical Assist.	3,233		3,233	3,233	
Other Salaries	24,467		24,467	23,447	1,020
Supplies and Materials	5,793	(1,167)	4,626	337	4,289
Other Objects	1,500		1,500	1,434	66
<b>Total Improvement of Instruction Services</b>	<b>73,550</b>	<b>17,802</b>	<b>91,352</b>	<b>85,977</b>	<b>5,375</b>
<b>Educational Media Services/School Library:</b>					
Salaries	226,743	1,019	227,762	225,377	2,385
Other Purchased Services (400-500 series)	4,225	(1,019)	3,206		3,206
Supplies and Materials	10,000		10,000	6,027	3,973
<b>Total Educational Media Services/School Library</b>	<b>240,968</b>		<b>240,968</b>	<b>231,404</b>	<b>9,564</b>
<b>Instructional Staff Training Services:</b>					
Salaries of Other Professional Staff	9,640	(6,801)	2,839	2,839	
Purchased Professional - Educational Services	1,000		1,000		1,000
Other Purchased Services (400-500 series)	3,546		3,546	2,052	1,494
Other Objects	1,200		1,200		1,200
<b>Total Instructional Staff Training Services</b>	<b>15,386</b>	<b>(6,801)</b>	<b>8,585</b>	<b>4,891</b>	<b>3,694</b>
<b>Supp. Services - General Administration:</b>					
Salaries	191,012	(108,789)	82,223	59,439	22,784
Legal Services	35,000	(16,589)	18,411	7,661	10,750
Audit Fees	16,000	(1,404)	14,596	14,539	57
Other Purchased Professional Services	18,000	85,746	103,746	103,576	170
Purchased Technical Services	3,600		3,600	2,625	975
Communications/Telephone	18,000	30,904	48,904	48,007	897
BOE Other Purchased Services	3,000	(3,000)			
Other Purchased Services (400-500)	27,504	10,923	38,427	38,427	
General Supplies	1,600	(152)	1,448	1,361	87
BOE General Supplies	200		200	198	2
Miscellaneous Expenditures	10,000	7,076	17,076	16,647	429
BOE Membership Dues and Fees	5,000	(3,000)	2,000	1,898	102
<b>Total Supp. Services - General Administration</b>	<b>328,916</b>	<b>1,715</b>	<b>330,631</b>	<b>294,378</b>	<b>36,253</b>

## GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

## BUDGETARY COMPARISON SCHEDULE

## GENERAL FUND

Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	284,348	(8,106)	276,242	276,242	
Salaries of Secretarial and Clerical Assistants	126,772	5,149	131,921	131,921	
Other Purchased Services (400-500 series)	2,000		2,000	37	1,963
Supplies and Materials	5,493		5,493	4,616	877
Other Objects	2,000		2,000	840	1,160
<b>Total Support Services - School Administration</b>	<b>420,613</b>	<b>(2,957)</b>	<b>417,656</b>	<b>413,656</b>	<b>4,000</b>
<b>Central Services:</b>					
Salaries	174,671		174,671	174,670	1
Purchased Professional Services	3,000	(366)	2,634	2,450	184
Misc. Purchased Services (400-500 series)	4,445		4,445	4,372	73
Supplies and Materials	1,000	366	1,366	1,099	267
Other Objects	1,803	924	2,727	2,727	
<b>Total Central Services</b>	<b>184,919</b>	<b>924</b>	<b>185,843</b>	<b>185,318</b>	<b>525</b>
<b>Admin.Info.Tech.:</b>					
Salaries	5,000		5,000	5,000	
Purchased Professional Services	1,500		1,500	1,500	
<b>Total Admin.Info.Tech.</b>	<b>6,500</b>		<b>6,500</b>	<b>6,500</b>	
<b>Required Maintenance for School Facilities:</b>					
Salaries	119,478		119,478	119,465	
Cleaning, Repair and Maintenance Services	58,675	9,697	68,372	52,798	15,574
General Supplies	36,160	750	36,910	17,256	19,654
Other Objects	1,778		1,778	1,770	8
<b>Total Required Maintenance for School Facilities</b>	<b>216,091</b>	<b>10,447</b>	<b>226,538</b>	<b>191,289</b>	<b>35,249</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	400,929	14,117	415,046	415,046	
Salaries of Non-Instructional Aides	19,618	(701)	18,917	17,694	1,223
Purchased Professional and Technical Services	13,416	538	13,954	13,954	
Cleaning, Repair and Maintenance Services	39,527		39,527	38,370	1,157
Insurance	52,793		52,793	52,760	33
Miscellaneous Purchased Services	2,300	1,163	3,463	3,463	
General Supplies	35,257	(326)	34,931	27,671	7,260
Energy Electricity	155,000	26,736	181,736	181,736	
Energy Oil	165,475	(40,853)	124,622	111,001	13,621
Other Objects	1,000		1,000	1,000	
<b>Total Other Operations and Maintenance of Plant</b>	<b>885,315</b>	<b>674</b>	<b>885,989</b>	<b>862,695</b>	<b>23,294</b>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>Student Transportation Services</b>					
Salaries of Non-Instructional Aides	26,639		26,639	26,639	
Salaries for Pupil Transportation (Bet. Home & School)-Regular	2,000		2,000	1,430	570
Other Purchased Professional Services	18,053		18,053	16,719	1,334
Rental Payments - School Buses	16,710	(298)	16,412	16,412	
Contracted Services (Between Home and School)-Vendors	586,766	(7,576)	579,190	579,137	53
Contracted Services (Other than Bet.Home & School)-Vendors	4,500	810	5,310	2,040	3,270
Contracted Services (Special Education Students)-Joint Agrmts.	327,488	(56,881)	270,607	240,061	30,546
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	36,560	(5,478)	31,082	30,601	481
Contracted Services - Aid in Lieu of Payments-Charter Sch.	9,140		9,140	9,140	
Supplies and Materials	6,227		6,227	5,055	1,172
Miscellaneous Expenditures	200		200	60	140
<b>Total Student Transportation Services</b>	<b>1,034,283</b>	<b>(69,423)</b>	<b>964,860</b>	<b>927,294</b>	<b>37,566</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	118,960	11,083	130,043	130,043	
Other Retirement Contributions - Regular	119,500		119,500	98,139	21,361
Unemployment Compensation	25,000	6,719	31,719	27,241	4,478
Workmen's Compensation	69,351		69,351	65,423	3,928
Health Benefits	2,138,734	(18,447)	2,120,287	2,028,571	91,716
Tuition Reimbursement	25,000	1,096	26,096	21,441	4,655
Other Employee Benefits	28,541		28,541	13,028	15,513
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>2,525,086</b>	<b>451</b>	<b>2,525,537</b>	<b>2,383,886</b>	<b>141,651</b>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
On-behalf TPAF pension Contrib. (non-budgeted)				411,411	(411,411)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				451,154	(451,154)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				862,565	(862,565)
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	2,525,086	451	2,525,537	3,246,451	(720,914)
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>13,028,382</b>	<b>112,972</b>	<b>13,141,354</b>	<b>13,546,789</b>	<b>(405,435)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>18,615,512</b>	<b>128,249</b>	<b>18,743,761</b>	<b>18,941,365</b>	<b>(197,604)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment:</b>					
Instructional Equipment		7,554	7,554	7,554	
Grades 1-5	6,000	4,400	10,400	8,119	2,281
Grades 6-8	6,325		6,325	6,021	304
Undistributed Expenditures-Instructional Equipment					
Undist. Expend. - Operation & Maint. Of Plant Serv.	10,775	(1,151)	9,624	6,936	2,688
<b>Total Equipment</b>	<b>23,100</b>	<b>10,803</b>	<b>33,903</b>	<b>28,630</b>	<b>5,273</b>
<b>Facilities Acquisition and Construction Services:</b>					
Other Purchased Professional Services					
Construction Services	250,000	(112,241)	137,759	3,899	133,860
<b>Total Facilities Acquisition and Construction Services</b>	<b>250,000</b>	<b>(112,241)</b>	<b>137,759</b>	<b>3,899</b>	<b>133,860</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>273,100</b>	<b>(101,438)</b>	<b>171,662</b>	<b>32,529</b>	<b>139,133</b>
Transfer to Charter School	125,037	(35,037)	90,000	90,000	
<b>TOTAL EXPENDITURES</b>	<b>19,013,649</b>	<b>(8,226)</b>	<b>19,005,423</b>	<b>19,063,894</b>	<b>(58,471)</b>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(759,277)	8,226	(751,051)	(299,563)	451,488
Transfer to Capital Projects		119,340	119,340	119,340	
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(759,277)	(111,114)	(870,391)	(418,903)	451,488
<b>Fund Balance, July 1</b>	1,722,869		1,722,869	1,722,869	
<b>Fund Balance, June 30</b>	\$ 963,592	\$ (111,114)	\$ 852,478	\$ 1,303,966	\$ 451,488
<b>Recapitulation:</b>					
Capital Reserve				\$ 251,756	
Encumbrances				86,183	
Excess Surplus				5,853	
Excess Surplus - Designated for Subseq. Year's Expenditures				223,761	
Designated for Subseq. Year's Expenditures				370,000	
Unrestricted Fund Balance				<u>366,413</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				1,303,966	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Current Year Last State Aid Payment not recognized on GAAP basis until received				<u>(640,255)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ 663,711</u>	

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit C-1b

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND-ARRA**  
 Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
ARRA-ESF		\$ 841,898	\$ 841,898	\$ 841,898	
ARRA-GSF		32,591	32,591	32,591	
Total Federal Sources		874,489	874,489	874,489	
<b>TOTAL REVENUES</b>		<b>\$ 874,489</b>	<b>\$ 874,489</b>	<b>\$ 874,489</b>	
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>ARRA:</b>					
ARRA - ESF - Salaries of Teachers Grades 1-5		\$ 841,898	\$ 841,898	\$ 841,898	
ARRA - GSF - Salaries of Teachers Kindergarten		32,591	32,591	32,591	
<b>Total ARRA</b>		<b>874,489</b>	<b>874,489</b>	<b>874,489</b>	
<b>TOTAL EXPENDITURES</b>		<b>\$ 874,489</b>	<b>\$ 874,489</b>	<b>\$ 874,489</b>	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>REVENUES:</b>					
Local Sources	\$ 8,000	\$ (3,256)	\$ 4,744	\$ 4,419	\$ (325)
State Sources	2,000	1,070	3,070	914	(2,156)
Federal Sources	324,742	455,328	780,070	431,310	(348,760)
<b>Total Revenues</b>	<b>\$ 334,742</b>	<b>\$ 453,142</b>	<b>\$ 787,884</b>	<b>\$ 436,643</b>	<b>\$ (351,241)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	57,395	40,745	98,140	90,895	7,245
Purchased Professional and Technical Services		4,622	4,622	4,622	
Tuition	97,000	207,832	304,832	268,731	36,101
General Supplies	35,611	(9,896)	25,715	23,262	2,453
<b>Total Instruction</b>	<b>190,006</b>	<b>243,303</b>	<b>433,309</b>	<b>387,510</b>	<b>45,799</b>
<b>Support Services</b>					
Salaries of Other Professional Staff	5,365	(5,365)			
Personal Services - Employee Benefits	13,650	4,189	17,839	17,839	
Purchased Professional - Educational Services	13,000	(7,010)	5,990	3,730	2,260
Transportation	85,000	(82,323)	2,677	2,677	
Other Purchased Professional Services		3,913	3,913	939	2,974
Other Purchased Services	31,100	(4,892)	26,208	9,091	17,117
Supplies and Materials	1,986	261	2,247	459	1,788
<b>Total Support Services</b>	<b>144,736</b>	<b>(85,862)</b>	<b>58,874</b>	<b>34,735</b>	<b>24,139</b>
<b>Facilities Acquisition &amp; Const. Serv.:</b>					
Instructional Equipment		295,701	295,701	14,398	281,303
<b>Total Facilities Acq. &amp; Const. Serv.</b>		<b>295,701</b>	<b>295,701</b>	<b>14,398</b>	<b>281,303</b>
<b>Total Expenditures</b>	<b>\$ 334,742</b>	<b>\$ 453,142</b>	<b>\$ 787,884</b>	<b>\$ 436,643</b>	<b>\$ 351,241</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>					None
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Current Year Last State Aid Payment not recognized on GAAP basis until received					<u>None</u>
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>					<u>None</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2010

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

	General Fund	Special Revenue Fund
	<u>          </u>	<u>          </u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 18,764,331	\$ 436,643
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	19,463
Current Year Encumbrances	N/A	(13,269)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	630,144	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(640,255)</u>	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 18,754,220</u>	<u>\$ 442,837</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 19,063,894	\$ 436,643
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	19,463
Current Year Encumbrances	N/A	(13,269)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u>N/A</u>	<u>N/A</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 19,063,894</u>	<u>\$ 442,837</u>

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

The Special Revenue Fund is 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.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit E-1

**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**

For the Fiscal Year Ended June 30, 2010

	<b>Title I</b>	<b>ARRA Title I</b>	<b>Title II Part A</b>	<b>Title II Part D</b>	<b>Title III</b>	<b>IDEA Basic</b>	<b>IDEA Preschool</b>	<b>ARRA IDEA Basic</b>	<b>ARRA IDEA Preschool</b>	<b>Rebel Grant</b>	<b>Local Grants</b>	<b>Totals</b>
<b>REVENUES</b>												
Local Sources											\$ 4,419	\$ 4,419
State Sources										\$ 914		914
Federal Sources	\$ 55,125	\$ 9,291	\$ 12,347	\$ 459	\$ 1,297	\$ 321,665	\$ 6,033	\$ 14,398	\$ 10,695			431,310
<b>TOTAL REVENUES</b>	<b>\$ 55,125</b>	<b>\$ 9,291</b>	<b>\$ 12,347</b>	<b>\$ 459</b>	<b>\$ 1,297</b>	<b>\$ 321,665</b>	<b>\$ 6,033</b>	<b>\$ 14,398</b>	<b>\$ 10,695</b>	<b>\$ 914</b>	<b>\$ 4,419</b>	<b>\$ 436,643</b>
<b>EXPENDITURES:</b>												
<b>Instruction:</b>												
Salaries of Teachers	40,395	3,230				46,445				825		90,895
Purchased Profess. & Tech. Serv.			4,622									4,622
Tuition						252,003	6,033		10,695			268,731
General Supplies	6,180	5,176	15		1,297	6,086				89	4,419	23,262
<b>Total Instruction</b>	<b>46,575</b>	<b>8,406</b>	<b>4,637</b>	<b>-</b>	<b>1,297</b>	<b>304,534</b>	<b>6,033</b>	<b>-</b>	<b>10,695</b>	<b>914</b>	<b>4,419</b>	<b>387,510</b>
<b>Support Services:</b>												
Personal Services - Employee Bene.	8,550					9,289						17,839
Purchased Profess.-Educ. Serv.			990			2,740						3,730
Transportation						2,677						2,677
Other Purchased Professional Services		885	54									939
Other Purchased Services			6,666			2,425						9,091
Supplies and Materials				459								459
<b>Total Support Services</b>	<b>8,550</b>	<b>885</b>	<b>7,710</b>	<b>459</b>	<b>-</b>	<b>17,131</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,735</b>
<b>Facilities Acquisition &amp; Const. Serv.:</b>												
Instructional Equipment								14,398				14,398
<b>Total Facilities Acq. &amp; Const. Serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,398</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 55,125</b>	<b>\$ 9,291</b>	<b>\$ 12,347</b>	<b>\$ 459</b>	<b>\$ 1,297</b>	<b>\$ 321,665</b>	<b>\$ 6,033</b>	<b>\$ 14,398</b>	<b>\$ 10,695</b>	<b>\$ 914</b>	<b>\$ 4,419</b>	<b>\$ 436,643</b>
<b>Excess (Deficiency) of Revenues</b>												
<b>Over (Under) Expenditures</b>												

**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.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2010

	<u>Date</u>	<u>Original</u>	<u>Revised</u>	<u>Expenditures to Date</u>		<u>Unexpended</u>
		<u>Appropriations</u>	<u>Appropriations</u>	<u>Prior</u>	<u>Current</u>	<u>Balance</u>
				<u>Years</u>	<u>Year</u>	<u>June 30, 2010</u>
Remove and Replace Existing Asbestos Ceiling - State Share	6/17/09	\$ 56,140	\$ 56,140		\$ 9,617	\$ 46,523
Remove and Replace Existing Asbestos Ceiling - Board of Education	6/17/09	84,210	84,210			84,210
Remove and Replace Existing Electric Panels - State Share	6/17/09	23,420	23,420		5,900	17,520
Remove and Replace Existing Electric Panels - Board of Education	6/17/09	35,130	35,130			35,130
Totals		<u>\$ 198,900</u>	<u>\$ 198,900</u>	-	<u>\$ 15,517</u>	<u>\$ 183,383</u>

Fund Balance, June 30, 2010 \$ 183,383

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit F-2

**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**

State Sources - SDA Grant	\$ 79,560
Transfer from capital outlay	<u>119,340</u>
Total Revenues	<u>198,900</u>

**Expenditures and Other Financing**

**Uses**

Purchased Professional Services	<u>15,517</u>
Total Expenditures	<u>15,517</u>

Excess(deficiency) of revenues over(under)  
expenditures

183,383

Fund Balance - Beginning

-

Fund Balance - Ending

\$ 183,383

**CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
REMOVE AND REPLACE EXISTING ASBESTOS CEILINGS**

From Inception and for the Fiscal Year Ended June 30, 2010

	<u>Prior</u>	<u>Current</u>	<u>Totals</u>	<u>Revised</u>
	<u>Periods</u>	<u>Year</u>		<u>Authorized</u>
				<u>Costs</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant		\$ 56,140	\$ 56,140	\$ 56,140
Transfer from capital outlay		84,210	84,210	84,210
Total Revenues		<u>- 140,350</u>	<u>140,350</u>	<u>140,350</u>
<b>Expenditures and Other Financing Sources</b>				
Purchased Professional Services		\$ 9,617	\$ 9,617	\$ 140,350
Total Expenditures		<u>- 9,617</u>	<u>9,617</u>	<u>140,350</u>
Excess(deficiency) of revenues over(under) expenditures			<u>\$ 130,733</u>	
			Project Fund Balance, 6/30/10	<u>\$ 130,733</u>

**Additional project information:**

Project Number	SP#1785-050-09-1002
Grant Date	6/17/09
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$140,350
Additional Authorized Cost	N/A
Revised Authorized Cost	\$140,350
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	7%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit F-2b

**CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS-BUDGETARY BASIS  
REMOVE AND REPLACE EXISTING ELECTRIC PANELS**

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 Costs</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant		\$ 23,420	\$ 23,420	\$ 23,420
Transfer from capital outlay		35,130	35,130	35,130
Total Revenues	-	58,550	58,550	58,550
<b>Expenditures and Other Financing Sources</b>				
Purchased Professional Services		\$ 5,900	\$ 5,900	\$ 58,550
Total Expenditures	-	5,900	5,900	58,550
Excess(deficiency) of revenues over(under) expenditures			\$ 52,650	
			<u>\$ 52,650</u>	
			Project Fund Balance, 6/30/10	<u>\$ 52,650</u>

**Additional project information:**

Project Number	SP#1785-050-09-1003
Grant Date	6/17/09
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$58,550
Additional Authorized Cost	N/A
Revised Authorized Cost	\$58,550
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	10%
Original Target Completion Date	6/30/2011
Revised Target Completion Date	6/30/2011

<p style="text-align: center;"><b>PROPRIETARY FUND DETAIL STATEMENTS</b></p>
--

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 in all schools within the school district.

**THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.**

<p style="text-align: center;"><b>FIDUCIARY FUND DETAIL STATEMENTS</b></p>
--

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

**Student Activity Fund** - This agency fund is used to account for student funds held at the schools.

**Payroll Fund** - This agency fund is used to account for the payroll transactions of the school district.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
June 30, 2010

Exhibit H-1

	<u>AGENCY FUNDS</u>		
	<u>STUDENT</u>	<u>PAYROLL</u>	
	<u>ACTIVITY</u>	<u>AGENCY</u>	<u>TOTALS</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 8,786	\$ 7,910	\$ 16,696
<b>TOTAL ASSETS</b>	<b><u>\$ 8,786</u></b>	<b><u>\$ 7,910</u></b>	<b><u>\$ 16,696</u></b>
 <b>LIABILITIES:</b>			
Liabilities:			
Payroll Deductions & Withholdings		\$ 7,910	\$ 7,910
Payable to Student Groups	\$ 8,786		8,786
<b>Total Liabilities</b>	<b><u>\$ 8,786</u></b>	<b><u>\$ 7,910</u></b>	<b><u>\$ 16,696</u></b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b><u>\$ 8,786</u></b>	 <b><u>\$ 7,910</u></b>	 <b><u>\$ 16,696</u></b>

## GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
STUDENT ACTIVITY AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>ACTIVITY</u>	<u>BALANCE July 1, 2009</u>	<u>CASH RECEIPTS</u>	<u>CASH DISBURSEMENTS</u>	<u>BALANCE June 30, 2010</u>
<b>LIBERTY SCHOOL:</b>				
Enrichment Activiites	\$ 3,996	\$ 4,186	\$ 5,977	\$ 2,205
<b>Total Liberty School</b>	<b>3,996</b>	<b>4,186</b>	<b>5,977</b>	<b>2,205</b>
<b>CENTRAL SCHOOL:</b>				
Interest	8			8
Student Council	547	591	555	583
Yearbook	351	4,885	5,185	51
<b>Total Central School</b>	<b>906</b>	<b>5,476</b>	<b>5,740</b>	<b>642</b>
<b>MIDDLE SCHOOL:</b>				
Interest	156	32		188
Class of 2009	3,826	39,879	41,700	2,005
Class of 2010	1,010	1,036	2,046	-
Class of 2011	1,742			1,742
Student Leadership	44			44
Wildlife Habitat	605			605
Student Council	798	460	59	1,199
Music/Band	57	4,474	4,486	45
Rebel 2	111			111
<b>Total Middle school</b>	<b>8,349</b>	<b>45,881</b>	<b>48,291</b>	<b>5,939</b>
<b>REGIONAL PROGRAMS:</b>				
After School Program	861	2,400	3,261	-
<b>Total Regional Programs</b>	<b>861</b>	<b>2,400</b>	<b>3,261</b>	<b>-</b>
<b>TOTALS</b>	<b>\$ 14,112</b>	<b>\$ 57,943</b>	<b>\$ 63,269</b>	<b>\$ 8,786</b>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>BALANCE</u> <u>July 1, 2009</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>June 30, 2010</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 7,064	\$ 8,140,647	\$ 8,139,801	\$ 7,910
<b>Total Assets</b>	<u>\$ 7,064</u>	<u>\$ 8,140,647</u>	<u>\$ 8,139,801</u>	<u>\$ 7,910</u>
<b>LIABILITIES:</b>				
Salaries and Wages		\$ 4,890,608	\$ 4,890,608	
Payroll Deductions & Withholdings	\$ 7,064	3,250,039	3,249,193	\$ 7,910
<b>Total Liabilities</b>	<u>\$ 7,064</u>	<u>\$ 8,140,647</u>	<u>\$ 8,139,801</u>	<u>\$ 7,910</u>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS  
AS OF ENDED JUNE 30, 2010**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE July 1, 2009</u>	<u>RETIRED</u>	<u>BALANCE June 30, 2010</u>
			<u>DATE</u>	<u>AMOUNT</u>				
General Obligation Refunding Bonds - Series 2008	12/20/07	8,355,000	1/15/11	\$ 350,000	4.00%	\$ 7,665,000	\$ 300,000	\$ 7,365,000
			1/15/12	415,000	4.00%			
			1/15/13	440,000	4.75%			
			1/15/14	465,000	4.75%			
			1/15/15	480,000	4.75%			
			1/15/16	480,000	4.75%			
			1/15/17	500,000	*			
			1/15/18	520,000	*			
			1/15/19	520,000	4.25%			
			1/15/20	530,000	4.25%			
			1/15/21	525,000	4.25%			
			1/15/22	525,000	4.00%			
			1/15/23	520,000	4.00%			
			1/15/24	545,000	4.00%			
			1/15/25	550,000	4.00%			
			Total					

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 435,573		\$ 435,573	\$ 435,573	
Interest Income				4,000	\$ 4,000
Total - Local Sources	\$ 435,573	-	\$ 435,573	\$ 439,573	\$ 4,000
State Sources:					
Debt Service Aid Type II	188,728	-	188,728	188,728	
Total - State Sources	188,728	-	188,728	188,728	
<b>TOTAL REVENUES</b>	<b>\$ 624,301</b>	<b>-</b>	<b>\$ 624,301</b>	<b>\$ 628,301</b>	<b>\$ 4,000</b>
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	\$ 327,900	-	\$ 327,900	\$ 327,900	
Redemption of Principal	300,000	-	300,000	300,000	
Total Regular Debt Service	627,900	-	627,900	627,900	
<b>TOTAL EXPENDITURES</b>	<b>\$ 627,900</b>	<b>-</b>	<b>\$ 627,900</b>	<b>\$ 627,900</b>	
Fund Balance, July 1	2,517		2,517	\$ 2,517	
Fund Balance, June 30	\$ (1,082)		\$ (1,082)	\$ 2,918	
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Unreserved Fund Balance				\$ 2,918	

Great Meadows Regional School District  
**Statistical Section**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	60-65
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	66-72
<b>Debt Capacity (J-10 thru J-13)</b> 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.	73-76
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	77-78
<b>Operating Information (J-16 thru J-20)</b> 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.	79-83

**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.

**Great Meadows Regional School District  
Net Assets by Component,  
Last Eight Fiscal Years**

*(accrual basis of accounting)*

**Exhibit J-1**

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 1,821,532	\$ 1,986,026	\$ 1,834,105	\$ 1,982,839	\$ 2,048,403	\$ 2,233,997	\$ 2,169,119	\$ 2,067,713
Restricted	(3,208)	295,719	380,237	398,741	767,510	1,282,077	1,249,737	851,370
Unrestricted	(269,396)	(126,330)	(34,529)	102,764	93,604	(20,144)	(456,883)	(287,781)
Total governmental activities net assets	<u>\$ 1,548,928</u>	<u>\$ 2,155,415</u>	<u>\$ 2,179,813</u>	<u>\$ 2,484,344</u>	<u>\$ 2,909,517</u>	<u>\$ 3,495,930</u>	<u>\$ 2,961,973</u>	<u>\$ 2,631,302</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 72,474	\$ 58,108	\$ 43,743	\$ 29,378	\$ 54,536	\$ 40,606	\$ 40,336	\$ 40,066
Restricted	-	-	-	-	-	-	-	-
Unrestricted	17,415	7,925	12,047	25,415	46,654	61,645	71,108	82,654
Total business-type activities net assets	<u>\$ 89,889</u>	<u>\$ 66,033</u>	<u>\$ 55,790</u>	<u>\$ 54,793</u>	<u>\$ 101,190</u>	<u>\$ 102,251</u>	<u>\$ 111,444</u>	<u>\$ 122,720</u>
District-wide								
Invested in capital assets, net of related debt	\$ 1,894,006	\$ 2,044,134	\$ 1,877,848	\$ 2,012,217	\$ 2,102,939	\$ 2,274,603	\$ 2,209,455	\$ 2,107,779
Restricted	(3,208)	295,719	380,237	398,741	767,510	1,282,077	1,249,737	851,370
Unrestricted	(251,981)	(118,405)	(22,482)	128,179	140,258	41,501	(385,775)	(205,127)
Total district net assets	<u>\$ 1,638,817</u>	<u>\$ 2,221,448</u>	<u>\$ 2,235,603</u>	<u>\$ 2,539,137</u>	<u>\$ 3,010,707</u>	<u>\$ 3,598,181</u>	<u>\$ 3,073,417</u>	<u>\$ 2,754,022</u>

Source: CAFR Schedule A-1

**Great Meadows Regional School District**  
**Changes in Net Assets, Last Eight Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-2**

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
Governmental activities								
Instruction								
Regular	\$ 4,884,508	\$ 5,189,375	\$ 5,302,355	\$ 5,682,783	\$ 5,964,787	\$ 6,342,308	\$ 6,365,004	\$ 6,625,624
Special education	697,472	804,895	722,752	752,050	748,305	649,274	590,167	610,771
Other special education	145,322	138,690	173,823	251,083	225,358	214,485	186,423	213,765
Support Services:								
Tuition	5,030,982	5,452,270	6,428,852	6,416,140	6,610,839	6,939,549	7,412,871	7,471,174
Student & instruction related services	1,135,120	1,228,955	1,308,144	1,323,489	1,380,181	1,510,879	1,518,762	1,494,296
General administrative services	511,241	517,843	598,815	500,494	664,152	691,863	594,160	584,263
School administrative services	482,527	479,697	477,815	500,195	456,864	466,690	511,007	497,091
Plant operations and maintenance	876,464	896,541	1,032,001	1,073,546	1,067,988	1,261,993	1,231,186	1,266,575
Pupil transportation	997,490	1,092,050	990,628	1,049,208	1,238,822	1,223,682	1,253,663	1,114,332
Interest on long-term debt	466,171	431,016	427,046	395,324	378,558	394,047	332,991	322,057
Unallocated depreciation	37,544	29,131	31,474	33,127	35,641	35,641	35,641	35,641
Total governmental activities expenses	<u>15,264,841</u>	<u>16,260,463</u>	<u>17,493,705</u>	<u>17,977,439</u>	<u>18,771,495</u>	<u>19,730,411</u>	<u>20,031,875</u>	<u>20,235,589</u>
Business-type activities:								
Food service	238,240	249,321	242,529	234,371	235,215	243,387	228,484	226,973
Child Care	95,900	105,106	100,912	106,057	550	-	-	-
Total business-type activities expense	<u>334,140</u>	<u>354,427</u>	<u>343,441</u>	<u>340,428</u>	<u>235,765</u>	<u>243,387</u>	<u>228,484</u>	<u>226,973</u>
Total district expenses	<u>\$ 15,598,981</u>	<u>\$ 16,614,890</u>	<u>\$ 17,837,146</u>	<u>\$ 18,317,867</u>	<u>\$ 19,007,260</u>	<u>\$ 19,973,798</u>	<u>\$ 20,260,359</u>	<u>\$ 20,462,562</u>
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
Business and other support services								
Operating grants and contributions	6,552,993	7,124,942	7,293,961	7,364,482	7,684,519	8,048,354	7,436,935	7,613,930
Capital grants and contributions								
Total governmental activities program revenues	<u>6,552,993</u>	<u>7,124,942</u>	<u>7,293,961</u>	<u>7,364,482</u>	<u>7,684,519</u>	<u>8,048,354</u>	<u>7,436,935</u>	<u>7,613,930</u>
Business-type activities:								
Charges for services								
Food service	150,477	147,343	149,425	197,684	194,787	190,703	180,913	179,558
Child care	102,060	102,854	100,200	94,167	-	-	(756)	-
Operating grants and contributions	38,694	40,826	41,671	46,840	49,212	53,745	57,520	58,691
Capital grants and contributions	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>291,231</u>	<u>291,023</u>	<u>291,296</u>	<u>338,691</u>	<u>243,999</u>	<u>244,448</u>	<u>237,677</u>	<u>238,249</u>
Total district program revenues	<u>\$ 6,844,224</u>	<u>\$ 7,415,965</u>	<u>\$ 7,585,257</u>	<u>\$ 7,703,173</u>	<u>\$ 7,928,518</u>	<u>\$ 8,292,802</u>	<u>\$ 7,674,612</u>	<u>\$ 7,852,179</u>

**Great Meadows Regional School District**  
**Changes in Net Assets, Last Eight Fiscal Years**  
*(accrual basis of accounting)*

**Exhibit J-2**

	Fiscal Year Ending June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Net (Expense)/Revenue</b>								
Governmental activities	\$ (8,711,848)	\$ (9,135,521)	\$ (10,199,744)	\$ (10,612,957)	\$ (11,086,976)	\$ (11,682,057)	\$ (12,594,940)	\$ (12,621,659)
Business-type activities	(42,909)	(63,404)	(52,145)	(1,737)	8,234	1,061	9,193	11,276
Total district-wide net expense	<u>\$ (8,754,757)</u>	<u>\$ (9,198,925)</u>	<u>\$ (10,251,889)</u>	<u>\$ (10,614,694)</u>	<u>\$ (11,078,742)</u>	<u>\$ (11,680,996)</u>	<u>\$ (12,585,747)</u>	<u>\$ (12,610,383)</u>
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Property taxes levied for general purposes, net	\$ 7,940,915	\$ 9,105,915	\$ 9,594,920	\$ 10,227,818	\$ 10,893,399	\$ 11,512,278	\$ 11,514,907	\$ 11,664,104
Taxes levied for debt service	604,524	592,256	591,336	502,401	536,217	520,541	400,284	435,573
Investment earnings	6,819	17,300	28,888	64,178	105,954	73,019	14,868	5,226
Miscellaneous income	44,080	66,085	50,900	37,808	46,569	162,632	130,924	106,525
Federal/State Aid for Capital Assets Projects	22,071			86,023	-	-	-	79,560
Transfers	(37,290)	(39,548)	(41,902)	(740)	-	-	-	
Total governmental activities	<u>8,581,119</u>	<u>9,742,008</u>	<u>10,224,142</u>	<u>10,917,488</u>	<u>11,582,139</u>	<u>12,268,470</u>	<u>12,060,983</u>	<u>12,290,988</u>
Business-type activities:								
Investment earnings	-	-	-	-	-	-	-	-
Transfers	37,290	39,548	41,902	740	-	-	-	-
Total business-type activities	<u>37,290</u>	<u>39,548</u>	<u>41,902</u>	<u>740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 8,618,409</u>	<u>\$ 9,781,556</u>	<u>\$ 10,266,044</u>	<u>\$ 10,918,228</u>	<u>\$ 11,582,139</u>	<u>\$ 12,268,470</u>	<u>\$ 12,060,983</u>	<u>\$ 12,290,988</u>
<b>Change in Net Assets</b>								
Governmental activities	\$ (130,729)	\$ 606,487	\$ 24,398	\$ 304,531	\$ 495,163	\$ 586,413	\$ (533,957)	\$ (330,671)
Business-type activities	(5,619)	(23,856)	(10,243)	(997)	8,234	1,061	9,193	11,276
Total district	<u>\$ (136,348)</u>	<u>\$ 582,631</u>	<u>\$ 14,155</u>	<u>\$ 303,534</u>	<u>\$ 503,397</u>	<u>\$ 587,474</u>	<u>\$ (524,764)</u>	<u>\$ (319,395)</u>

Source: CAFR Schedule A-2

**Great Meadows Regional School District  
Fund Balances, Governmental Funds,  
Last Eight Fiscal Years**  
*(modified accrual basis of accounting)*

**Exhibit J-3**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Fiscal Year Ending June 30,</u>		<u>2008</u>	<u>2009</u>	<u>2010</u>
				<u>2006</u>	<u>2007</u>			
General Fund								
Reserved	\$ 1	\$ 408,483	\$ 380,237	\$ 398,741	\$ 1,011,639	\$ 1,398,875	\$ 1,258,334	\$ 567,553
Unreserved	166,378	200,460	275,452	395,341	216,941	174,376	(165,609)	96,158
Total general fund	<u>\$ 166,379</u>	<u>\$ 608,943</u>	<u>\$ 655,689</u>	<u>\$ 794,082</u>	<u>\$ 1,228,580</u>	<u>\$ 1,573,251</u>	<u>\$ 1,092,725</u>	<u>\$ 663,711</u>
All Other Governmental Funds								
Reserved								-
Unreserved, reported in:								
Special revenue fund	\$ (3,209)							-
Capital projects fund								\$ 183,383
Debt service fund						\$ 3,599	\$ 2,517	2,918
Permanent fund		-	-	-	-	-	-	
Total all other governmental funds	<u>\$ (3,209)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 3,599</u>	<u>\$ 2,517</u>	<u>\$ 186,301</u>

Source: CAFR Schedule B-1

**Great Meadows Regional School District  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**

**Exhibit J-4**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Revenues</b>										
Tax levy	\$ 6,908,004	\$ 8,087,759	\$ 8,545,439	\$ 9,698,171	\$ 10,186,256	\$ 10,730,219	\$ 11,429,616	\$ 12,032,819	\$ 11,915,191	\$ 12,099,677
Tuition charges					12,737	12,747				
Interest on Investments	1,553	1,004								
Miscellaneous	206,341	93,617	50,899	83,385	67,051	89,239	152,523	645,651	145,792	111,751
State sources	6,990,894	6,012,852	6,282,743	6,803,585	6,937,425	7,094,331	7,437,959	7,621,231	7,104,958	6,381,394
Federal sources	202,417	261,444	292,321	321,357	356,536	356,172	246,560	427,123	331,977	1,312,096
<b>Total revenue</b>	<b>14,309,209</b>	<b>14,456,676</b>	<b>15,171,402</b>	<b>16,906,498</b>	<b>17,560,005</b>	<b>18,282,708</b>	<b>19,266,658</b>	<b>20,726,824</b>	<b>19,497,918</b>	<b>19,904,918</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	3,568,319	3,593,281	3,831,677	4,160,012	4,199,968	4,442,201	4,481,084	4,851,957	4,934,459	5,095,923
Special education instruction	338,740	430,049	608,786	695,679	618,093	637,042	617,157	540,467	494,767	508,255
Other special instruction	153,800	133,814	126,844	119,871	148,652	212,686	185,862	178,541	156,288	177,885
Other instruction	27,475	100						-	-	-
Support Services:										
Tuition	3,981,501	4,175,886	4,391,276	4,712,454	5,497,916	5,434,948	5,452,225	5,776,605	6,214,590	6,217,157
Student & instruction related services	955,101	858,558	990,786	1,062,199	1,118,717	1,121,094	1,138,291	1,257,683	1,273,256	1,243,482
General administrative services	267,223	312,656	446,235	447,577	512,103	423,956	547,753	575,919	498,115	486,196
School Administrative services	383,385	416,827	421,172	414,607	408,625	423,702	376,794	388,481	428,403	413,656
Business administrative services	150,349	151,970						-	-	-
Plant operations and maintenance	805,591	707,144	765,019	774,890	882,561	852,058	878,278	1,050,506	1,032,166	1,053,984
Pupil transportation	837,104	878,088	870,656	943,870	847,180	888,757	1,021,706	1,018,615	1,051,010	927,294
Unallocated employee benefits	1,551,023	1,688,176	1,876,925	2,143,938	2,287,297	2,634,649	3,137,448	3,141,897	3,064,377	3,246,451
Special Revenue	275,214	275,647								
Charter Schools						49,040	79,848	78,270	114,161	90,000
Capital outlay	500,097	144,664	159,304	99,309	104,791	305,141	149,065	279,930	145,634	61,965
Debt service:										
Principal	367,000	388,000	390,000	397,000	421,000	315,000	380,000	830,000	235,000	300,000
Interest and other charges	521,895	498,732	474,310	449,770	424,454	403,301	386,649	409,683	337,300	327,900
<b>Total expenditures</b>	<b>14,683,817</b>	<b>14,653,592</b>	<b>15,352,990</b>	<b>16,421,176</b>	<b>17,471,357</b>	<b>18,143,575</b>	<b>18,832,160</b>	<b>20,378,554</b>	<b>19,979,526</b>	<b>20,150,148</b>
Excess (Deficiency) of revenues over (under) expenditures	(374,608)	(196,916)	(181,588)	485,322	88,648	139,133	434,498	348,270	(481,608)	(245,230)
<b>Other Financing Sources (uses)</b>										
Capital Leases	450,000									
Proceeds of Refunding Bonds										
Payment to Refunded Bond Escrow										
Transfers in	56,177	-	-	-	-	-	-	-	-	119,340
Transfers out	(90,177)	(41,496)	(37,290)	(39,548)	(41,902)	(740)	-	-	-	(119,340)
<b>Total other financing sources (uses)</b>	<b>416,000</b>	<b>(41,496)</b>	<b>(37,290)</b>	<b>(39,548)</b>	<b>(41,902)</b>	<b>(740)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 41,392</b>	<b>\$ (238,412)</b>	<b>\$ (218,878)</b>	<b>\$ 445,774</b>	<b>\$ 46,746</b>	<b>\$ 138,393</b>	<b>\$ 434,498</b>	<b>\$ 348,270</b>	<b>\$ (481,608)</b>	<b>\$ (245,230)</b>
Debt service as a percentage of noncapital expenditures	6.3%	6.1%	5.7%	5.2%	4.9%	4.0%	4.1%	6.2%	2.9%	3.1%

Source: CAFR Schedule B-2

GREAT MEADOWS REGIONAL SCHOOL DISTRICT  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30.</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Transportation</u>	<u>Child</u> <u>Assault</u> <u>Prevention</u>	<u>Rentals</u>	<u>Grants/</u> <u>Donations</u>	<u>Shared</u> <u>Services</u> <u>Contract</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2001	\$ 40,305	\$ 41,056			\$ 29,605	\$ 998	\$ 24,727		\$ 63,688	\$ 200,379
2002	6,819	671			24,605	15,711			41,386	89,192
2003	10,736				26,455				8,759	45,950
2004	17,300	24,296			17,730	900		\$ 16,006	4,653	80,885
2005	28,888	422	\$	80	30,550	70		12,737	7,041	79,788
2006	64,178	426			21,218	2,619		12,747	798	101,986
2007	94,543	5,344			21,718				2,520	124,125
2008	64,049	6,703			27,930				34,348	133,030
2009	14,868	12,983			17,900			95,743	671	142,165
2010	1,226	65,798			18,960			3,272	14,179	103,435

SOURCE: District Records

**Great Meadows Regional School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years - Independence Township**

**Exhibit J-6**

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2001	\$10,454,100	\$259,104,000	\$11,287,800	\$2,101,080	\$12,960,200	\$1,874,000	\$10,970,200	\$332,253,480	\$23,502,100	\$1,549,230	\$308,751,380	\$1.430	\$322,021,194
2002	8,709,000	269,483,200	11,877,800	2,091,680	12,886,400	2,003,100	10,747,700	342,832,372	23,502,100	1,531,392	319,330,272	\$1.640	348,910,747
2003	7,607,100	276,503,500	11,993,100	2,275,460	12,727,500	2,003,100	10,747,700	349,383,353	24,059,200	1,466,693	325,324,153	\$1.690	384,890,357
2004	6,506,700	281,747,200	13,371,700	2,297,090	12,570,000	2,003,100	10,921,700	355,252,853	24,431,700	1,403,663	330,821,153	\$1.850	440,695,626
2005	6,872,900	284,396,000	13,945,500	2,247,400	14,611,900	2,003,100	10,921,700	360,754,309	24,597,100	1,158,709	336,157,209	\$1.890	506,757,028
2006	15,253,200	585,789,800	28,080,800	2,147,442	28,825,700	3,947,300	16,364,300	714,499,374	32,403,400	1,687,432	682,095,974	\$0.988	574,120,942
2007	14,028,100	592,669,400	28,001,500	2,142,034	28,358,100	3,947,300	16,364,300	719,847,088	32,815,400	1,520,954	687,031,688	\$1.044	655,984,406
2008	13,043,100	595,614,900	27,898,000	2,082,644	28,206,800	3,861,200	15,911,600	723,071,110	34,999,100	1,453,766	688,072,010	\$1.076	728,072,001
2009	13,292,260	598,075,100	27,881,900	2,078,833	30,133,000	3,861,200	15,564,300	727,421,025	35,054,300	1,480,132	692,366,725	\$1.068	762,110,820
2010	12,669,300	603,000,600	28,542,600	2,082,234	30,144,100	3,861,200	15,564,300	732,349,238	35,075,300	1,409,604	697,273,938	\$1.072	750,701,690

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

**Great Meadows Regional School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years - Liberty Township**

**Exhibit J-6**

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2001	\$7,304,600	\$127,341,500	\$11,367,900	\$762,190	\$6,088,900	\$0	\$457,400	\$162,801,590	\$9,479,100	\$680,710	\$153,322,490	\$1.600	\$175,075,652
2002	6,164,000	129,948,300	11,727,300	945,390	6,203,200	-	0	166,280,825	10,633,200	659,435	155,647,625	\$1.820	177,075,588
2003	5,807,500	132,711,200	12,327,500	951,660	6,203,200	-	0	169,398,839	10,782,600	615,179	158,616,239	\$1.920	206,348,518
2004	6,114,200	216,645,200	19,863,900	879,270	7,796,000	-	0	267,977,636	15,815,100	863,966	252,162,536	\$1.420	237,612,112
2005	7,253,900	218,317,900	20,033,400	904,920	7,749,600	-	0	271,078,663	15,974,300	844,643	255,104,363	\$1.500	241,718,081
2006	7,579,800	220,888,500	21,503,700	945,690	7,898,700	-	308,800	277,409,344	17,497,000	787,154	259,912,344	\$1.534	276,819,418
2007	8,836,600	224,511,600	22,482,800	742,000	7,416,700	-	308,800	283,738,648	18,662,700	777,448	265,075,948	\$1.608	317,185,246
2008	7,023,700	227,954,600	23,316,700	729,400	6,968,400	-	308,800	285,803,171	18,747,600	753,971	267,055,571	\$1.735	345,148,619
2009	6,926,400	230,138,600	24,366,400	722,800	6,968,400	-	308,800	289,017,957	19,008,200	578,357	270,009,757	\$1.673	377,814,149
2010	6,744,400	230,493,900	25,210,800	715,100	6,968,400	-	308,800	290,325,562	19,411,500	472,662	270,914,062	\$1.708	367,437,456

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

**Great Meadows Regional School District  
Direct and Overlapping Property Tax Rates - Independence Township  
Last Ten Fiscal Years**

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Great Meadows Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General		Independence Township	Library	Warren County	
		Obligation	Debt Service <sup>b</sup>				
2001	\$1.243	\$0.187	\$1.430	\$0.340	\$0.068	\$0.762	\$2.600
2002	\$1.442	\$0.198	\$1.640	\$0.360	\$0.072	\$0.778	\$2.850
2003	\$1.507	\$0.183	\$1.690	\$0.370	\$0.070	\$0.780	\$2.910
2004	\$1.674	\$0.176	\$1.850	\$0.380	\$0.081	\$0.819	\$3.130
2005	\$1.803	\$0.087	\$1.890	\$0.380	\$0.046	\$0.964	\$3.280
2006	\$0.915	\$0.073	\$0.988	\$0.195	\$0.049	\$0.488	\$1.720
2007	\$0.995	\$0.049	\$1.044	\$0.205	\$0.049	\$0.552	\$1.850
2008	\$1.029	\$0.047	\$1.076	\$0.216	\$0.055	\$0.594	\$1.940
2009	\$1.032	\$0.036	\$1.068	\$0.240	\$0.058	\$0.612	\$1.978
2010	\$1.033	\$0.039	\$1.072	\$0.248	\$0.056	\$0.599	\$1.975

Source: District Records and Municipal Tax Collector

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

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

**Great Meadows Regional School District  
Direct and Overlapping Property Tax Rates - Liberty Township  
Last Ten Fiscal Years**

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Great Meadows Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General		Total Direct	Liberty Township	Library	Warren County	
	Basic Rate <sup>a</sup>	Obligation Debt Service <sup>b</sup>					
2001	\$1.216	\$0.384	\$1.600	\$0.360	\$0.071	\$0.798	\$2.829
2002	\$1.415	\$0.405	\$1.820	\$0.390	\$0.071	\$0.806	\$3.087
2003	\$1.680	\$0.240	\$1.920	\$0.410	\$0.045	\$0.805	\$3.180
2004	\$1.188	\$0.232	\$1.420	\$0.270	\$0.050	\$0.510	\$2.250
2005	\$1.272	\$0.228	\$1.500	\$0.310	\$0.055	\$0.629	\$2.494
2006	\$1.345	\$0.189	\$1.534	\$0.310	\$0.062	\$0.623	\$2.529
2007	\$1.533	\$0.075	\$1.608	\$0.320	\$0.062	\$0.690	\$2.680
2008	\$1.660	\$0.075	\$1.735	\$0.325	\$0.067	\$0.722	\$2.850
2009	\$1.617	\$0.056	\$1.673	\$0.254	\$0.073	\$0.856	\$2.856
2010	\$1.647	\$0.061	\$1.708	\$0.321	\$0.071	\$0.775	\$2.875

Source: District Records and Municipal Tax Collector

**Note:** NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other

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

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

**Great Meadows Regional School District  
Principal Property Tax Payers- Independence Township,  
Current Year and Nine Years Ago**

**Exhibit J-8**

Taxpayer	2008			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Towpath Village	\$ 12,100,000	1	1.74%	\$ 8,000,000	1	2.91%
Great Meadows Reg. BOE	10,269,700	2	1.47%			
RAIA Self Storage	4,900,000	3	0.70%	2,599,600	3	0.95%
Axar Properties	4,024,000	4	0.58%	645,500	9	0.23%
Liberty House Partnership	2,663,400	5	0.38%	998,436	5	0.36%
Easter Seal Society	2,535,300	6	0.36%	645,500	10	0.23%
Saloga, LP	1,898,200	7	0.27%			
NUJA Realty Corp.	1,849,100	8	0.27%			
Sts Peter & Paul RCC	1,458,900	9	0.21%			
Ekrem Klobocista	1,210,200	10	0.17%			
United Telephone				759,550	7	0.28%
Bilby Developers				3,293,500	2	1.20%
Stone Mill				1,228,900	4	0.45%
Bell Atlantic				939,384	6	0.34%
First National Bank of Hope				723,500	8	0.26%
<b>Total</b>	<b>\$ 42,908,800</b>		<b>6.15%</b>	<b>\$ 19,833,870</b>		<b>7.21%</b>

Source: District CAFR & Municipal Tax Assessor

**Great Meadows Regional School District  
Principal Property Tax Payers- Liberty Township,  
Current Year and Nine Years Ago**

**Exhibit J-8**

Taxpayer	2008			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Pryslak Farms	\$ 1,528,000	1	0.56%	\$ 1,308,838	1	0.94%
Individual Taxpayer #1	1,148,300	2	0.42%			
Wooded Valley Estate, LLC	1,095,100	3	0.40%	533,250	7	0.38%
Topp Orange, LLC	1,027,600	4	0.38%	735,000	4	0.54%
Rogers, John E., Inc.	815,000	5	0.30%	562,600	6	0.40%
Individual Taxpayer #2	717,600	6	0.00			
Individual Taxpayer #3	672,200	7	0.00			
Individual Taxpayer #4	664,200	8	0.00			
Individual Taxpayer #5	641,300	9	0.24%			
Individual Taxpayer #6	619,800	10	0.23%			
Fromet Properties				871,770	2	0.62%
Pembrook Builders, Inc.				799,400	3	0.57%
Lake Just-It Corp.				566,950	5	0.40%
Mountain View Acres				525,000	8	0.37%
Lisbon Capri				500,000	9	0.35%
Almar A Partnership				351,900	10	0.25%
<b>Total</b>	<b>\$ 8,929,100</b>		<b>3.30%</b>	<b>\$ 6,754,708</b>		<b>4.82%</b>

Source: District CAFR & Municipal Tax Assessor

**Great Meadows Regional School District  
Property Tax Levies and Collections,  
Last Ten Fiscal Years**

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	\$ 6,310,869	\$ 6,310,869	100.00%	-
2002	\$ 7,445,015	\$ 7,445,015	100.00%	-
2003	\$ 7,940,915	\$ 7,940,915	100.00%	-
2004	\$ 9,105,915	\$ 9,105,915	100.00%	-
2005	\$ 9,594,920	\$ 9,594,920	100.00%	-
2006	\$ 10,227,818	\$ 10,227,818	100.00%	-
2007	\$ 10,893,399	\$ 10,893,399	100.00%	-
2008	\$ 11,512,278	\$ 11,493,074	99.83%	\$ 19,204
2009	\$ 11,514,907	\$ 11,514,907	100.00%	-
2010	\$ 11,664,104	\$ 11,664,104	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, in is the amount voted upon or certified prior to the end of the school year.

**Great Meadows Regional School District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2001	\$ 10,611,000	-0-	\$ 460,023	-0-	-0-	\$ 11,071,023	3.98%	\$1,318.76
2002	\$ 10,223,000	-0-	\$ 298,216	-0-	-0-	\$ 10,521,216	3.64%	\$1,233.58
2003	\$ 9,835,000	-0-	\$ 204,100	-0-	-0-	\$ 10,039,100	3.38%	\$1,167.34
2004	\$ 9,436,000	-0-	\$ 104,791	-0-	-0-	\$ 9,540,791	3.10%	\$1,104.64
2005	\$ 9,015,000	-0-	-0-	-0-	-0-	\$ 9,015,000	2.83%	\$1,044.98
2006	\$ 8,700,000	-0-	-0-	-0-	-0-	\$ 8,700,000	2.55%	\$1,007.88
2007	\$ 8,320,000	-0-	-0-	-0-	-0-	\$ 8,320,000	2.31%	\$966.54
2008	\$ 7,900,000	-0-	-0-	-0-	-0-	\$ 7,900,000	2.14%	\$918.60
2009	\$ 7,665,000	-0-	-0-	-0-	-0-	\$ 7,665,000	2.07%	\$889.31
2010	\$ 7,365,000	-0-	-0-	-0-	-0-	\$ 7,365,000	2.00%	\$857.09

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

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

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

**Great Meadows Regional School District  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years - Independence Township**

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2001	\$ 10,611,000	-0-	\$ 10,611,000	3.32%	\$ 1,319
2002	\$ 10,223,000	-0-	\$ 10,223,000	3.14%	\$ 1,234
2003	\$ 9,835,000	-0-	\$ 9,835,000	2.97%	\$ 1,167
2004	\$ 9,436,000	-0-	\$ 9,436,000	2.81%	\$ 1,105
2005	\$ 9,015,000	-0-	\$ 9,015,000	1.32%	\$ 1,045
2006	\$ 8,700,000	-0-	\$ 8,700,000	1.28%	\$ 1,008
2007	\$ 8,320,000	-0-	\$ 8,320,000	1.28%	\$ 967
2008	\$ 7,900,000	-0-	\$ 7,900,000	1.21%	\$ 919
2009	\$ 7,665,000	-0-	\$ 7,665,000	1.11%	\$ 889
2010	\$ 7,365,000	-0-	\$ 7,365,000	1.06%	\$ 857

**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.

\* Current data unavailable

**Great Meadows Regional School District  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years - Liberty Township**

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage or Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2001	\$ 10,611,000	-0-	\$ 10,611,000	6.82%	\$ 1,319
2002	\$ 10,223,000	-0-	\$ 10,223,000	6.45%	\$ 1,234
2003	\$ 9,835,000	-0-	\$ 9,835,000	3.90%	\$ 1,167
2004	\$ 9,436,000	-0-	\$ 9,436,000	3.70%	\$ 1,105
2005	\$ 9,015,000	-0-	\$ 9,015,000	3.47%	\$ 1,045
2006	\$ 8,700,000	-0-	\$ 8,700,000	3.35%	\$ 1,008
2007	\$ 8,320,000	-0-	\$ 8,320,000	3.35%	\$ 967
2008	\$ 7,900,000	-0-	\$ 7,900,000	3.14%	\$ 919
2009	\$ 7,665,000	-0-	\$ 7,665,000	2.84%	\$ 889
2010	\$ 7,365,000	-0-	\$ 7,365,000	2.72%	\$ 857

**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.

\* Current data unavailable

**Great Meadows Regional School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2010**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b> Constituent Townships	\$ 3,170,674	100.000%	\$ 3,170,674
<b>Other debt</b> Warren County	\$ 7,775,000	7.873%	<u>612,131</u>
Subtotal, overlapping debt			3,782,805
<b>Great Meadows Regional School District Direct Debt</b>			<u>7,365,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 11,147,805</u></u>

**Sources:** Constituent Townships Finance Officers, Warren County Finance Office and Utility Authorities

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of 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.

Great Meadows Regional School District  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2010

	Equalized valuation basis
	2007 \$ 1,126,653,333
	2008 1,107,314,353
	2009 1,049,595,388
	<b>[A]</b> <u>\$ 3,283,563,074</u>
Average equalized valuation of taxable property	<b>[A/3]</b> \$ 1,094,521,025
Debt limit (3 % of average equalization value)	<b>[B]</b> 32,835,631
Net bonded school debt	<b>[C]</b> 7,365,000
Legal debt margin	<b>[B-C]</b> <u>\$ 25,470,631</u>

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$14,337,997	\$16,857,488	\$17,094,028	\$19,518,442	\$24,993,389	\$25,245,784	\$28,562,081	\$31,497,485	\$32,991,708	\$32,835,631
Total net debt applicable to limit	<u>10,611,000</u>	<u>10,223,000</u>	<u>9,833,000</u>	<u>9,436,000</u>	<u>9,015,000</u>	<u>8,700,000</u>	<u>8,320,000</u>	<u>7,900,000</u>	<u>7,665,000</u>	<u>7,365,000</u>
Legal debt margin	<u>\$3,726,997</u>	<u>\$6,634,488</u>	<u>\$7,261,028</u>	<u>\$10,082,442</u>	<u>\$15,978,389</u>	<u>\$16,545,784</u>	<u>\$20,242,081</u>	<u>\$23,597,485</u>	<u>\$25,326,708</u>	<u>\$25,470,631</u>
Total net debt applicable to the limit as a percentage of debt limit	74.01%	60.64%	57.52%	48.34%	36.07%	34.46%	29.13%	25.08%	23.23%	22.43%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

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

**Great Meadows Regional School District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2001	8,395	\$278,495,730	\$33,174 R	3.1%
2002	8,529	\$288,664,005	\$33,845 R	2.5%
2003	8,600	\$296,829,000	\$34,515 R	3.7%
2004	8,637	\$307,287,186	\$35,578 R	8.0%
2005	8,627	\$318,181,014	\$36,882 R	5.9%
2006	8,632	\$340,515,136	\$39,448 R	4.8%
2007	8,608	\$360,916,224	\$41,928 R	2.9%
2008	8,600	\$368,914,200	\$42,897	2.9%
2009	8,619	\$369,729,243	\$42,897 *	3.9%
2010	8,593	\$368,613,921	\$42,897 *	5.5%

**Source:**

<sup>a</sup> Combined Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal Income provided by US Dept of Commerce

<sup>c</sup> Per Capita provided by US Dept of Commerce

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

R =Revised

\* Current figure unavailable

**Great Meadows Regional School District  
Principal Employers,  
Current Year and Nine Years Ago**

**Exhibit J-15**

<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
Great Meadows Regional Bd. Of Ed.	150	1	54.55%	130	1	59.09%
Independence Township	60	2		50	2	
Liberty Township	50	3		40	3	
First Hope Bank	15	4				
		5				
		6				
		7				
		8				
		9				
		10				
	<u>275</u>		<u>54.55%</u>	<u>220</u>		<u>59.09%</u>

**Source:**  
Local Employment Information

**Great Meadows Regional School District  
Full-time Equivalent District Employees by Function/Program,  
Last Ten Fiscal Years**

**Exhibit J-16**

<u>Function/Program</u>	<sup>*</sup> <u>2001</u>	<sup>*</sup> <u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction										
Regular	66	66	79	74	72	77	77	77	77	77
Special education	23	23	22	20	23	21	23	23	23	23
Support Services:										
Student & instruction related services	14	14	14	13	21	21	22	22	21	21
General administrative services	2	2	2	2	2	2	2	2	2	2
School administrative services	8	8	8	8	6	6	6	6	6	6
Other administrative services	2	2	3	1	-	1	1	1	1	1
Central services	3	3	3	3	3	3	3	3	3	3
Plant operations and maintenance	12	12	12	12	13	13	13	13	13	13
Pupil transportation	3	3	2	1	1	1	1	1	1	1
<b>Total</b>	<b>133</b>	<b>133</b>	<b>145</b>	<b>134</b>	<b>141</b>	<b>145</b>	<b>148</b>	<b>148</b>	<b>147</b>	<b>147</b>

**Source:** District Personnel Records

\* Estimated

Great Meadows Regional School District  
 Operating Statistics  
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2001	1,071	13,319,763	12,437	8.67%	97.00	11:1		1,070	1,023	-1.89%	95.64%
2002	1,078	13,702,783	12,711	2.21%	100.00	11:1		1,075	1,030	0.46%	95.87%
2003	1,067	14,376,668	13,474	6.00%	98.00	11:1		1,060	1,017	-1.36%	96.00%
2004	1,038	15,514,645	14,947	10.93%	100.00	10:1		1,040	999	-1.87%	96.00%
2005	1,011	16,563,014	16,383	9.61%	95.00	11:1		1,004	964	-3.50%	96.00%
2006	989	17,120,133	17,311	5.66%	80.50	12:3		989	983	-1.46%	99.39%
2007	1,018	17,916,446	17,600	1.67%	86.40	12:3		1,005	960	1.62%	95.52%
2008	956	18,858,941	19,727	12.09%	86.40	12:3		955	914	-4.98%	95.71%
2009	961	19,261,592	20,043	1.60%	86.40	11:1		951	912	-0.40%	95.86%
2010	962	19,460,283	20,229	0.93%	86.40	11:1		930	892	-2.27%	95.94%

**Sources:** District records, ASSA and Schedules J-4

**Note:** Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- 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)

\* Addition of new middle school

**Great Meadows Regional School District  
School Building Information  
Last Ten Fiscal Years**

**Exhibit J-18**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Liberty School (1972)										
Square Feet	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769	44,769
Capacity (students)	296	296	296	296	296	296	296	296	296	296
Enrollment	208	210	218	208	248	263	274	243	241	232
Central School (1918)										
Square Feet	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559	36,559
Capacity (students)	438	438	438	438	438	438	438	438	438	438
Enrollment	365	367	346	320	394	382	377	390	393	396
<b><u>Middle School</u></b>										
Middle School (1998)										
Square Feet	64,488	64,488	64,488	64,488	64,488	64,488	64,448	64,448	64,448	64,448
Capacity (students)	564	564	564	564	564	564	564	564	564	564
Enrollment	497	497	496	512	362	359	368	323	327	334

Number of Schools at June 30, 2010  
Middle School = 1  
Elementary = 2

**Source:** District Facilities Office

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

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

**GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
Last Six Fiscal Years Ending June 30, 2010**

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Total</u>
Great Meadows Regional Middle School	040	\$ 67,680	\$ 48,818	\$ 68,245	\$ 59,114	\$ 68,921	\$ 80,240	\$ 71,362	\$ 76,133	\$ 540,513
Independence Township School	050	25,459	34,459	61,343	53,024	61,821	71,974	64,011	68,290	440,381
Liberty Township School	060	27,954	60,304	42,019	36,390	42,427	49,394	43,929	46,866	349,283
Total School Facilities		121,093	143,581	171,607	148,528	173,169	201,608	179,302	191,289	1,330,177
Other Facilities										
<b>Grand Total</b>		<b>\$ 121,093</b>	<b>\$ 143,581</b>	<b>\$ 171,607</b>	<b>\$ 148,528</b>	<b>\$ 173,169</b>	<b>\$ 201,608</b>	<b>\$ 179,302</b>	<b>\$ 191,289</b>	<b>\$ 1,330,177</b>

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

**INSURANCE SCHEDULE  
6/30/2010  
UNAUDITED**

**Exhibit J-20**

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<b>COMMERCIAL PACKAGE POLICY - NJSBA Insurance Group</b>		
Property-Blanket Building and Contents (fund limit)	\$ 300,000,000	\$ 5,000
Automobile Physical Damage	In Blanket Limit	1,000
Builder's Risk	Not Covered	1,000
Fine Arts	Not Covered	1,000
<b>COMPUTERS AND SCHEDULED EQUIPMENT - NJSBA Insurance Group</b>		
Data Processing Equipment	475,000	1,000
<b>LIABILITY - NJSBA Insurance Group</b>		
Comprehensive General Liability	11,000,000	None
Automobile Liability	11,000,000	1,000
Employee Benefit Liability	11,000,000	1,000
<b>SCHOOL BOARD LEGAL LIABILITY - NJSBA Insurance Group</b>		
Limit of Liability	110,000,000	5,000
<b>CRIME - Selective Insurance Co.</b>		
Blanket Employee Dishonesty	100,000	500
Forgery	50,000	500
<b>PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE BLANKET POSITION BOND-Selective Insurance Company</b>		
Blanket Employee Limit	5,000	
Treasurer	205,000	
Board Secretary	35,000	

SOURCE: District Records

# Single Audit Section



## **ARDITO & Co., LLP**

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

Honorable President and  
 Members of the Board of Education  
 Great Meadows Regional School District  
 County of Warren  
 Great Meadows, New Jersey 07838

We have audited the financial statements of the Board of Education of the Great Meadows Regional School District in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated August 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### **Internal Control Over Financial Reporting**

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

-Continued-

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

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

### **Compliance and Other Matters**

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

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



Licensed Public School Accountant No.2369  
ARDITO & CO., LLP

Date: August 31, 2010



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

Honorable President and  
 Members of the Board of Education  
 Great Meadows Regional School District  
 County of Warren  
 Great Meadows, New Jersey 07838

### Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133, and New Jersey OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred.

-Continued-

An audit includes examining, on a test basis, evidence about the Great Meadows Regional School District Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Great Meadows Regional School District Board of Education's compliance with those requirements.

In our opinion the Board of Education of the Great Meadows Regional School District, in the County of Warren, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2010.

### **Internal Control Over Financial Reporting**

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

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

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

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



Licensed Public School Accountant No.2369  
ARDITO & CO., LLP

Date: August 31, 2010

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2010

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2009	Carryover/ Walkover Amount	Cash Received	Budgetary Expenditures	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2010			Cumulative Total Expenditures
				From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
<b>U.S. Department of Education</b>															
<b>General Fund:</b>															
ARRA-SFSF-ESF (Educ. State Grants)	84.394	N/A	\$ 841,898	7/1/09	6/30/10			\$ 841,898	\$ (841,898)						\$ 841,898
ARRA-SFSF-GSF (Government Services)	84.397	N/A	32,591	7/1/09	6/30/10			32,591	(32,591)						32,591
<b>Total General Fund</b>						-	-	874,489	(874,489)	-	-	-	-	-	874,489
<b>State Department of Education:</b>															
<b>Special Revenue Fund:</b>															
TITLE I	84.010	NCLB389010	\$ 51,125	9/1/09	8/31/10	\$ (6,108)		52,683	(55,125)		\$ (8,562)	\$ 12			55,125
ARRA - TITLE I	84.389	NCLB389010	16,812	9/1/09	8/31/10			6,434	(9,291)		(10,378)	7,521			9,291
TITLE II (A)	84.367A	NCLB389010	27,020	9/1/09	8/31/10	293		7,139	(12,347)		(21,256)	16,341			12,347
TITLE II (D)	84.318X	NCLB389010	521	9/1/09	8/31/10			459	(459)		(62)	62			459
TITLE III	84.365A	NCLB389010	1,297	9/1/09	8/31/10			1,297	(1,297)			-			1,297
TITLE IV	84.186A	NCLB389010	1,983	9/1/09	8/31/10	(87)		87			(1,983)	1,983			
ARRA - I.D.E.A. Part B, Basic	84.391	FT-1785-10	295,701	9/1/09	8/31/10			13,919	(14,398)		(281,782)	281,303			14,398
ARRA - I.D.E.A. Preschool	84.392	FT-1785-10	10,695	9/1/09	8/31/10			10,695	(10,695)		-	-			10,695
I.D.E.A. Part B, Basic Regular	84.027	FT-1785-10	324,177	9/1/09	8/31/10	(19,630)		338,400	(321,665)		(44,433)	41,538			321,665
I.D.E.A. Part B, Preschool	84.173	FT-1785-10	6,033	9/1/09	8/31/10			6,033	(6,033)			-			6,033
<b>Total Special Revenue Fund</b>						(25,532)		437,146	(431,310)		(368,456)	348,760		-	431,310
<b>Enterprise Fund:</b>															
Food Distribution Program	10.565	N/A		7/1/08	6/30/09	3,017			(3,017)						3,017
Food Distribution Program	10.565	N/A	13,051	7/1/09	6/30/10			13,051	(8,460)			4,591			8,460
National School Lunch Program	10.555	N/A		7/1/08	6/30/09	(2,778)		2,778							
National School Lunch Program	10.555	N/A	42,775	7/1/09	6/30/10			40,305	(42,775)		(2,470)				42,775
Special Milk Program	10.556	N/A		7/1/08	6/30/09	(88)		88							
Special Milk Program	10.556	N/A	994	7/1/09	6/30/10			936	(994)		(58)				994
<b>Total Enterprise Fund</b>						151		57,158	(55,246)	-	(2,528)	4,591			55,246
<b>TOTAL FEDERAL ASSISTANCE</b>						\$ (25,381)		\$ 1,368,793	\$ (1,361,045)	-	\$ (370,984)	\$ 353,351			\$ 1,361,045

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

GREAT MEADOWS REGIONAL SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year Ended June 30, 2010

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/09	WALKOVER/ CARRY- OVER AMOUNT	CASH RECEIVED	BUDGETARY EXPEND.	ADJUST.	REPAY. OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2010			MEMO			
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.		
<b>STATE DEPARTMENT OF EDUCATION</b>																
<b>General Fund:</b>																
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	\$ 3,635,965			\$ 3,635,965	\$ (3,635,965)							\$	481,352	\$ 3,635,965
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	766,364			766,364	(766,364)							*	76,541	766,364
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	721,444			721,444	(721,444)							*	72,054	721,444
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	103,213			103,213	(103,213)							*	10,308	103,213
Adjustment Aid	09-495-034-5120-085	7/1/08-6/30/09		\$ (3,583)		3,583	-							*		
Extra-Ordinary Aid	10-495-034-5120-044	7/1/09-6/30/10	22,551				(22,551)			\$ (22,551)				*		22,551
Extra-Ordinary Aid	09-495-034-5120-044	7/1/08-6/30/09		(19,760)		19,760								*		
Non-Public Transportation Aid	09-100-034-5120-068	7/1/08-6/30/09	10,201			10,201	(10,201)							*		10,201
Reimbursed TPAF Pension Contrib.	10-495-034-5095-001	7/1/09-6/30/10	411,411			411,411	(411,411)							*		411,411
Reimbursed TPAF Soc. Secur. Contrib.	10-495-034-5095-002	7/1/09-6/30/10	451,154			451,154	(451,154)							*		451,154
<b>Total General Fund</b>				(23,343)		6,123,095	(6,122,303)	-		(22,551)				*	640,255	6,122,303
<b>Special Revenue Fund:</b>																
Professional Standards Grant	N/A	7/1/08-6/30/09		(700)						(700)				*		
Rebel Grant	N/A	7/1/09-6/30/10	2,000	1,070		650	(914)			(1,350)	\$ 2,156			*		914
<b>Total Special Revenue Fund</b>				370	-	650	(914)	-	-	(2,050)	2,156			*	-	914
<b>Capital Projects Fund:</b>																
SDA Grant - Ceiling	SP#1785-050-09-1002	7/1/09-6/30/10	56,140				(9,617)			(56,140)	46,523			*		9,617
SDA Grant - Electric	SP#1785-050-09-1003	7/1/09-6/30/10	23,420				(5,900)			(23,420)	17,520			*		5,900
<b>Total Capital Projects Fund</b>				-	-	-	(15,517)	-	-	(79,560)	64,043			*	-	15,517
<b>Debt Service Fund:</b>																
Debt Service Aid Type 2	10-100-034-5120-124	7/1/09-6/30/10	188,728			188,728	(188,728)							*		188,728
<b>Enterprise Fund:</b>																
Nat. School Lunch Prog. (State Share)	09-100-010-3350-023	7/1/08-6/30/09		(228)		228								*		
Nat. School Lunch Prog. (State Share)	10-100-010-3350-023	7/1/09-6/30/10	3,445			3,241	(3,445)			(204)				*		3,445
<b>Total Enterprise Fund</b>				(228)		3,469	(3,445)			(204)				*		3,445
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>				<b>\$ (23,201)</b>		<b>\$ 6,315,942</b>	<b>\$ (6,330,907)</b>			<b>\$ (104,365)</b>	<b>\$ 66,199</b>			<b>\$</b>	<b>640,255</b>	<b>\$ 6,330,907</b>

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2010

**NOTE 1. GENERAL**

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Great Meadows Regional School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and 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 to the Board's basic financial statements. 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 GENERAL PURPOSE FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$10,111) for the general fund and \$(6,194) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2010

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 874,489	\$ 6,112,192	\$ 6,986,681
Special Revenue Fund	437,607	914	438,521
Capital Projects Fund		79,560	79,560
Debt Service Fund		188,728	188,728
Food Service Fund	<u>55,246</u>	<u>3,445</u>	<u>58,691</u>
Total Financial Assistance	<u>\$ 1,367,342</u>	<u>\$ 6,384,839</u>	<u>\$ 7,752,181</u>

**NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part I - Summary of Auditor's Results

**Financial Statement Section**

- A) Type of auditor's report issued: Unqualified
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? \_\_ Yes x No
  - 2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_ Yes  
x None  
Reported
- C) Noncompliance material to financial statements noted? \_\_ Yes x No

**Federal Awards Section**

- D) Dollar threshold used to determine Type A programs: \$300,000
- E) Auditee qualified as low-risk auditee? \_\_ Yes x No
- F) Type of auditor's report on compliance for major programs: Unqualified
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? \_\_ Yes x No
  - 2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_ Yes x No
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? \_\_ Yes x No
- I) Identification of major programs:

**CFDA NUMBER(S)**

84.394

84.397

84.027

84.391

84.392

84.389

**NAME OF FEDERAL PROGRAM OR CLUSTER**

ARRA-SFSF-ESF

ARRA-SFSF-GSF

IDEA

IDEA ARRA

IDEA Preschool ARRA

TITLE I ARRA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part I - Summary of Auditor's Results

**State Financial Assistance Section**

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) x yes    no
- L) Type of auditor's report on compliance for major programs: Unqualified
- M) Internal Control over compliance:  
 1) Material weakness(es) identified?    yes x no  
 2) Were significant deficiencies identified that were not considered to be material weaknesses?    yes x none reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04?    yes x no
- O) Identification of major programs:

**GMIS Number(s)**

10-495-034-5120-014  
10-100-034-5120-124  
10-495-034-5120-089  
10-495-034-5120-078  
10-495-034-5120-084  
10-495-034-5095-002

**Name of State Program**

Transportation Aid  
Debt Service Type II Aid  
Special Education Aid  
Equalization Aid  
Security Aid  
Reimb. TPAF Soc. Sec.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Section II-Financial Statement Findings**

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with Government Auditing Standards.

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

**FEDERAL AND STATE FINANCIAL ASSISTANCE**-There were no federal or state financial assistance findings or questioned costs that are required to be reported in accordance with OMB Circular A-133 or with NJOMB Circular 04-04.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were prior year recommendations.

