

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

**Borough of Ho-Ho-Kus Board of Education
Ho-Ho-Kus, New Jersey**

For the Fiscal Year Ended June 30, 2010

Prepared by

**Borough of Ho-Ho-Kus Board of Education
Finance Department**

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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INTRODUCTORY SECTION

**Board of Education
Ho-Ho-Kus School District
70 Lloyd Road
Ho-Ho-Kus, NJ 07423**

November, 2010

Honorable President and
Members of the Board of Education
Ho-Ho-Kus School District
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Ho-Ho-Kus School District (District) for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2010, and the respective changes in financial positions and cash flows, where applicable, thereof for the year ended in conformity with the accounting principles generally accepted in the United States of America. 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 Amendments 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." 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: Ho-Ho-Kus School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Ho-Ho-Kus Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through Eight. These include regular education, as well as special education for special needs students. In addition, there were 203 Ho-Ho-Kus students who attended Northern Highlands Regional High School in Allendale which represented a decrease of 9 students. The student enrollment data listed below in the table doesn't include the high school students. The District's enrollment for the 2009/10 fiscal year was 673 students or an increase of 11 students from the prior year. The following table details the changes in the Pre-K through 8th grade student enrollment of the District over the last seven years:

Student Enrollment

Fiscal Year	Student Enrollment	Percent Change
2009-10	673	1.66%
2008-09	662	-1.05%
2007-08	669	.15%
2006-07	668	2.61%
2005-06	651	4.83%
2004-05	621	0.98%
2003-04	615	2.84%
2002-03	598	-1.32%

2) ECONOMIC CONDITION AND OUTLOOK: Ho-Ho-Kus is a suburban residential community with its working population represented principally by white collar and professional people who commute to New York City and other commercial areas within New Jersey. Ho-Ho-Kus' unemployment rate has increased from 0.6% in 2008 to 1.2% in 2009, and is below the county average which is 7.9% in 2009. The Borough is near full development and does not expect significant development for 2010.

3) MAJOR INITIATIVES: Ho-Ho-Kus Public School continues to run a comprehensive preK-8 program. Our students perform above state and national averages on the NJASK 3 through 8 and participate in a wide range of co-curricular activities in athletics and the arts. Prior to the 2010-2011 school year, school-based committees developed goals and action plans for the school district that will focus on the following:

- a. Continue to review and align administrative structure in anticipation of future and present financial/educational needs
- b. Conclude teacher negotiations
- c. Attend workshops on financial trends and reporting

- d. Investigate sources of financing for cut/reduced programs
- e. Continue priority on long-term student achievement, with emphasis on consistency in middle school Language Arts instruction
- f. Enhance parent communication through technology
- g. Foster a positive school climate/culture, promoting engagement of all stakeholders
- h. Assist teachers in the development of a unit of study that incorporates 21st century skills, pre and post assessment and tiered instruction
- i. Continue to meet the individual academic needs of students
- j. Work to incorporate effective strategies for co-operative teaching

Major initiatives for the school involve the continued use of SMARTBoards to enhance instruction in the classroom. The shared Director of Curriculum and Instruction has also scheduled visitations between the elementary staff and the high school in mathematics and Language Arts to enhance the coordination of curriculum. Changes to mathematics curriculum based on new graduation requirements will be addressed. Staff will continue to participate in a series of professional learning community activities with a focus on 21st Century Skills. Assessment of children in grades 3 through 8 on their writing skills using a research based individualized Writing Assessment Program. Initiatives in the creation of *Readers'* and *Writers' Workshops* and the implementation of the learner active technology infused model for instruction and formative assessment continue. A focus on the development of tiered units with pre and post-assessment and 21st century skills, co-operative teaching models, and home-school communications will all be part of 2010-2011 professional development and school-based goals.

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 costs and benefits require estimates and judgments by management.

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

Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental 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 had outstanding bonded debt of \$ 10,498,000.00. The total principal and interest payments paid during the 2009/10 fiscal year are \$ 840,550.02. The bonds that were issued and dated January 1, 1999 were re-financed during fiscal year 2007/08 in order to take advantage of lower interest rates, and the new bonds have a maturity date of January 1, 2029. The bonds dated December 1, 2003 have a 25-year maturity with a maturity date of February 1, 2029. The principal repayment schedule produces a level debt service schedule.

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, and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the Northeast Bergen County Insurance Group (NESBIG). This is a self-insurance pool with a multi-peril policy through Selective Insurance, and a self-insured workman's compensation plan.

10) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's audit committee selected the accounting firm of VM Associates Inc.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments 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 are 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.

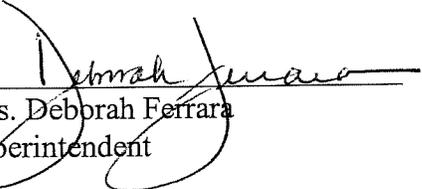
B) Awards/Recognition - The students of the Ho-Ho-Kus School participate in a wide range of events and co-curricular programs for which they have received special recognition. Our teaching staff is involved with county, state, and regional professional organizations representing the school and impacting educational reform.

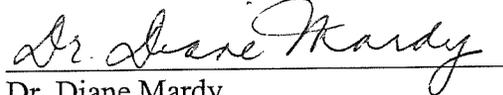
Listed below are events and programs relating to our awards and recognition:

- National Spelling Bee and Geography Bee for middle school students
- Bergen County Regional Bands and Choruses, - Area performing groups that required auditions
- Bergen Brain Busters Team, an inter-scholastic competition using the Middle School curriculum
- Regional/County athletic teams that compete in all areas of sports
- Individual students entered a wide range of essay, art, and poetry contests supported by local businesses, the YWCA, and public utilities
- Individual student art work chosen for national touring exhibition
- Student Council members are recognized for their participation in community service activities such as: Homes for the Troops, food drives, items for the needy, recycling programs, and hosting the local senior citizens' and the Women's Club.
- Awards and Recognition Night for grade 8
- Record number of students accepted to prestigious high school programs

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Ho-Ho-Kus School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of District's support staff.

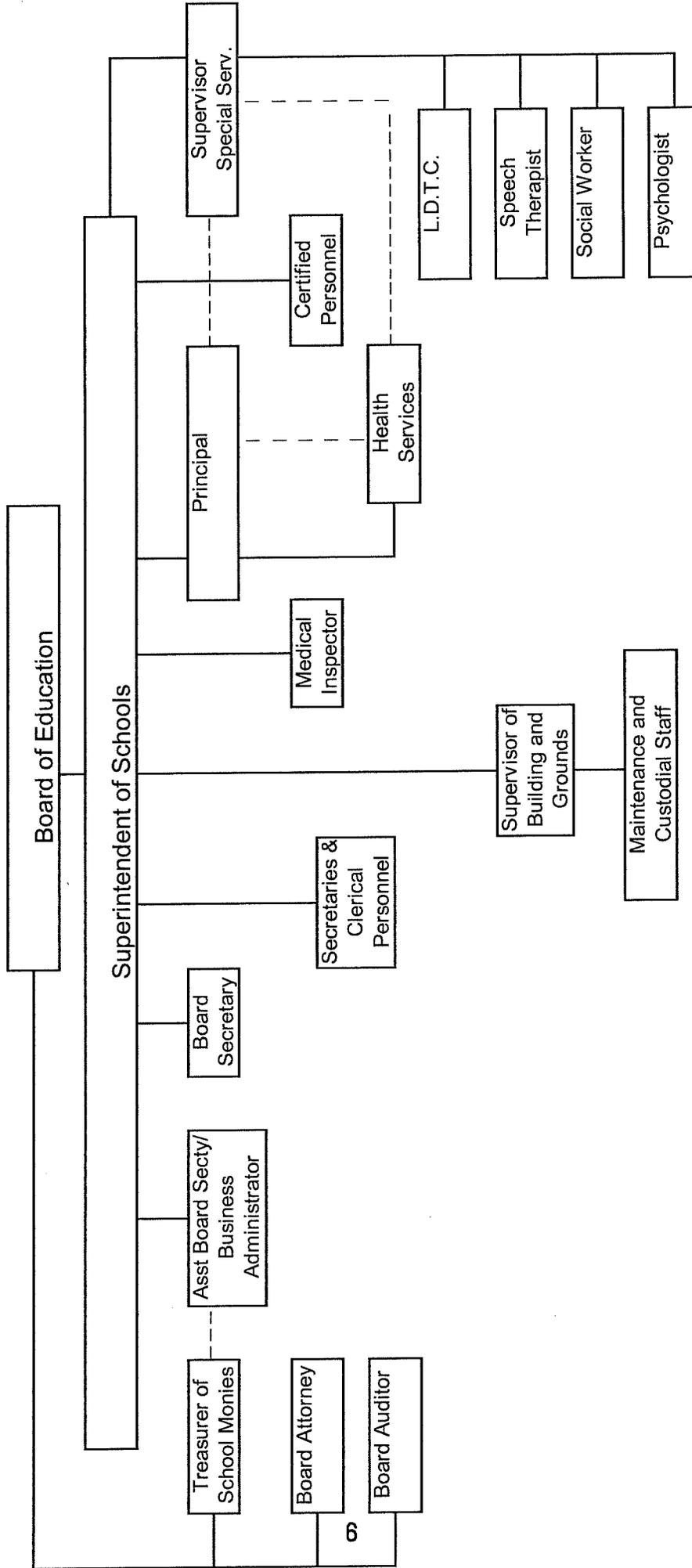
Respectfully submitted,


Mrs. Deborah Ferrara
Superintendent


Dr. Diane Mardy
Asst. Business Administrator/Board Secretary

HO-HO-KUS BOARD OF EDUCATION

Organizational Chart



Adopted: June 24, 1993
 Revised: Nov. 20, 2000
 Revised: Jan. 18, 2005
 Revised: Sept. 3, 2009

BOROUGH OF HO-HO-KUS BOARD OF EDUCATION

ROSTER OF OFFICIALS JUNE 30, 2010

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Ellen Marie Walsh	President	2011
Michaela Donadio	Vice President	2012
Colleen Federer	Member	2013
John T. Buffa	Member	2012
Mary Ellen Nye	Member	2011

Other Officials

Mrs. Deborah Ferrara	Superintendent
Mr. Anthony D'Achille	Interim Business Administrator (5/1/10 – 8/31/10)
Mrs. Karen Romano	Board Secretary
Mrs. Catherine Henderson	Treasurer of School Monies

BOROUGH OF HO-HO-KUS BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

ARCHITECT

Di Cara/Rubino Architects
30 Galesi Drive, West Wing
Wayne, New Jersey 07470

AUDIT FIRM

VM Associates, Inc.
111 Howard Boulevard
P.O. Box 397
Mt. Arlington, New Jersey 07856

ATTORNEY

Wiley, Malehorn & Sirota
250 Madison Avenue
Morristown, New Jersey 07960

RISK MANAGER

Eastern Insurors, Inc.
445 Godwin Avenue
Midland Park, New Jersey 07432

OFFICIAL DEPOSITORY

TD Bank
133 Franklin Avenue
Ridgewood, New Jersey 07450

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Ho-Ho-Kus School District
County of Bergen, New Jersey

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ho-Ho-Kus School District as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Ho-Ho-Kus School District's management. Our responsibility is to express an opinion on these basic 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 in compliance with 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ho-Ho-Kus School District 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.

In accordance with Government Auditing Standards, we have also issued our report dated August 30, 2010 on our consideration of the Borough of Ho-Ho-Kus School District'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.

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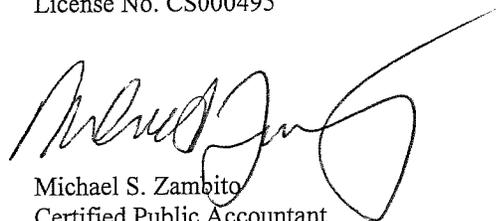
The Management's Discussion and Analysis on page 14 through 20 and budgetary comparison information on schedules C-1 and C-2 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Ho-Ho-Kus School District'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.



Vincent M. Montanino
Public School Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

August 30, 2010

**REQUIRED SUPPLEMENTARY INFORMATION -
PART I**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Borough of Ho-Ho-Kus School District financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the transmittal letter on page 1 and the District's financial statements, which begin on page 23.

FINANCIAL HIGHLIGHTS

- The District's total net assets decreased \$ 7,950.96 as a result of this year's operations. Net assets of our business-type activities increased by \$ 2,955.35 or 16.94 percent, and net assets of our governmental activities decreased by \$ 10,906.31 or .19 percent.
- Total cost of all of the District's programs was \$ 13,562,945.94 in 2009-2010 compared to \$ 13,222,957.53 in 2008-2009.
- During the year, the District generated a total of \$ 13,540,545.76 in tax and other program revenues from governmental activities which was an increase of .46 percent from the previous year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 23 and 24) provide information about the activities of the District as a whole and present a longer-term view on the District's finances. Fund financial statements start on page 27. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operation in more detail than the government-wide statements by providing information about the District's most financially significant funds

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the District as a whole begins on page 16. One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or *financial position*. Over time, *increases* or *decreases* in the District's net assets are one indicator whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's property tax base, and the condition of the District's capital assets to assess the overall *health* of the District.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities: most of the District's basic services are reported here, including general administration. Local taxes, tuition and state and federal aid finance most of these activities.
- Business-type-activities: the District has one proprietary fund as shown on pages 31 to 33.

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 17. The fund financial statements begin on page 27 and provide detailed information about the most significant funds-not the District as a whole. Some funds are required to be established by State law. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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 District's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation on page 29.

Proprietary funds: when the District charges customers for the full cost of the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for the Unemployment Compensation Trust and Agency Funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 35 and 36. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

The District's *combined* net assets changed from a year ago, *decreasing* from \$ 5,902,280.04 to \$ 5,894,329.08. Looking at the net assets and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the District's governmental and business-type activities as of June 30.

**Table 1
Net Assets**

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	\$ 1,257,126.71	\$ 913,908.01	\$ 7,476.39	\$ 2,522.06	\$ 1,264,603.10	\$ 916,430.07
Capital Assets	15,843,758.12	16,267,590.77	12,926.49	14,925.47	15,856,684.61	16,282,516.24
Total Assets	17,100,884.83	17,181,498.78	20,402.88	17,447.53	17,121,287.71	17,198,946.31
Long-Term Debt Outstanding	10,178,852.50	10,585,732.50			10,178,852.50	10,585,732.50
Other Liabilities	1,048,106.13	710,933.77	-	-	1,048,106.13	710,933.77
Total Liabilities	11,226,958.63	11,296,666.27	-	-	11,226,958.63	11,296,666.27
Net Assets:						
Invested in Capital Assets,						
Net of Debt	5,345,758.12	5,374,590.77	12,926.49	14,925.47	5,358,684.61	5,389,516.24
Restricted	396,077.58	298,683.35			396,077.58	298,683.35
Unrestricted (Deficit)	132,090.50	211,558.39	7,476.39	2,522.06	139,566.89	214,080.45
Total Net Assets	\$ 5,873,926.20	\$ 5,884,832.51	\$ 20,402.88	\$ 17,447.53	\$ 5,894,329.08	\$ 5,902,280.04

Net assets of the District's governmental activities decreased by .19 percent. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased \$79,467.89. Restricted net assets, those restricted mainly for capital projects increased by \$ 97,394.23. Both net asset categories benefited from increased economic activity, which resulted in actual revenues exceeding budgeted revenues. The investment in capital assets, net of debt category decreased by \$28,832.65.

Table 2
Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for Services	\$ -	\$ -	\$ 8,400.00	\$ 8,473.00	\$ 8,400.00	\$ 8,473.00
Operating Grants and Contributions	1,941,300.28	2,046,016.24	6,029.12	6,692.09	1,947,329.40	2,052,708.33
General Revenues:						
Property Taxes	11,023,558.46	10,606,439.31			11,023,558.46	10,606,439.31
Tuition	410,246.58	439,903.59			410,246.58	439,903.59
Federal and State Aid	62,685.68	15,983.90			62,685.68	15,983.90
Interest and Investment Earnings	2,681.20	3,898.40	59.38	86.63	2,740.58	3,985.03
Other General Revenues	100,073.56	58,952.63	(39.28)	-	100,034.28	58,952.63
Total Revenues:	13,540,545.76	13,171,194.07	14,449.22	15,251.72	13,554,994.98	13,186,445.79
Program expenses including indirect expenses						
Instruction:						
Regular	4,558,253.05	4,268,097.44			4,558,253.05	4,268,097.44
Special Education	1,340,177.40	1,265,672.79			1,340,177.40	1,265,672.79
Other Instruction	556,419.25	472,931.00			556,419.25	472,931.00
Support Services:						
Tuition	2,887,319.00	2,927,584.90			2,887,319.00	2,927,584.90
Student and Instruction Related Services	1,339,530.18	1,293,466.83			1,339,530.18	1,293,466.83
School Administrative Services	544,276.12	621,266.99			544,276.12	621,266.99
General and Business Administrative Sers.	488,174.89	431,244.75			488,174.89	431,244.75
Plant Operations and Maintenance	1,008,974.41	1,053,905.67			1,008,974.41	1,053,905.67
Pupil Transportation	389,490.25	424,286.04			389,490.25	424,286.04
Interest on Long-Term Debt	438,837.52	453,756.68			438,837.52	453,756.68
	-	-			-	-
Business-Type Activities:						
Food Services	-	-	11,493.87	10,744.44	11,493.87	10,744.44
Total Expenses	13,551,452.07	13,212,213.09	11,493.87	10,744.44	13,562,945.94	13,222,957.53
Increase (Decrease) in Net Assets	\$ (10,906.31)	\$ (41,019.02)	\$ 2,955.35	\$ 4,507.28	\$ (7,950.96)	\$ (36,511.74)

THE DISTRICT'S FUNDS

Governmental Activities

Table 3

Information below compares revenues and expenditures for all governmental fund types for 2009-2010 and 2008-2009

<u>Revenues by Source:</u>	<u>2009-2010</u>	<u>2008-2009</u>	<u>% Change</u>
Local Tax Levy	\$ 11,379,743.98	\$ 10,982,256.00	
Tuition Charges	410,246.58	439,903.59	-6.74%
Interest Earned to Investments	2,681.20	3,898.40	-31.22%
Miscellaneous	127,312.22	95,188.77	33.75%
Total - Local Sources	11,919,983.98	11,521,246.76	3.46%
State Sources	1,356,225.90	1,482,177.31	-8.50%
Federal Sources	264,335.88	167,770.00	57.56%
Total Revenues	\$ 13,540,545.76	\$ 13,171,194.07	2.80%

<u>Expenditures by Function:</u>	<u>2009-2010</u>	<u>2008-2009</u>	<u>% Change</u>
Current:			
Regular Instruction	\$ 3,319,343.98	\$ 3,173,864.96	4.58%
Special Education	1,075,586.13	1,019,606.59	5.49%
Other Instruction	417,765.68	363,926.78	14.79%
Support Services and Undistributed Costs:			
Tuition	2,887,319.00	2,927,584.90	-1.38%
Student and Instruction Related Services	1,006,731.51	1,000,558.89	0.62%
School Administrative Services	445,182.56	437,764.70	1.69%
General and Business Administrative Services	377,682.18	349,397.31	8.10%
Plant Operations and Maintenance	745,115.25	802,397.01	-7.14%
Pupil Transportation	293,337.15	340,544.96	-13.86%
Employee Benefits	2,077,430.11	1,860,116.81	11.68%
Capital Outlay	50,168.35	30,795.00	62.91%
Debt Service:			
Principal	395,000.00	380,000.00	3.95%
Interest on Long-Term Debt	445,550.02	460,190.02	-3.18%
Total Expenditures	\$ 13,536,211.92	\$ 13,146,747.93	2.96%

DEBT

At June 30, 2010, the District had outstanding bonded debt of \$ 10,498,000.00 which represented a decrease from the prior year by \$ 395,000.00 as depicted in the chart below.

Outstanding Debt, at year –end

Table 6

		Governmental	
		Activities	
		2010	2009
Serial Bonds		\$ 10,498,000.00	\$ 10,893,000.00

An analysis of District Debt is presented in Note IV:B. to the basic financial statements.

BUDGETS

The significant variances between the originally adopted budget for the 2009-2010 school year and the final budget were caused by the treatment of encumbrances that are added to the original budget. In addition, there were major budget transfers during the fiscal year that on a cumulative basis were made to/from the major budget category groups listed below:

<u>Budget Category Description</u>	<u>Amount Increase/ (Decrease)</u>
Preschool/Kindergarten Salaries of Teachers	\$ 55,000.00
Tuition to County Voc. School District-Regular	46,320.00
Health Benefits	67,500.00
Residential Costs	(49,238.55)
Tuition to Private Schools for Disabled-Within State	(30,991.10)
Tuition to Priv. Sch. Disabled & Other LEA's-Spl, O/S	(45,000.00)
Grades 1-5 Salaries of Teachers	(33,097.00)
Tuition to Other LEA's Within State-Regular	(57,655.00)
Tuition to Other LEA's Within State-Special	(58,540.31)

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator, Ho-Ho-Kus School District located at 70 Lloyd Road, Ho-Ho-Kus, New Jersey 07423.

BASIC FINANCIAL STATEMENTS

SECTION A
DISTRICT – WIDE FINANCIAL STATEMENTS

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Statement of Net Assets
June 30, 2010**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 851,560.66	\$ 4,837.83	\$ 856,398.49
Receivables, Net	191,387.05	2,638.56	194,025.61
Inventory			-
Restricted Assets:			
Capital Reserve Account - Cash	214,179.00		214,179.00
Capital Assets, Net (Note III:C.):	<u>15,843,758.12</u>	<u>12,926.49</u>	<u>15,856,684.61</u>
Total Assets	<u>17,100,884.83</u>	<u>20,402.88</u>	<u>17,121,287.71</u>
LIABILITIES			
Accounts Payable	255,405.86	-	255,405.86
Bond Interest Payable	189,432.82		189,432.82
Deferred Revenue	203,267.45		203,267.45
Noncurrent Liabilities (Note IV:B.):			
Due Within One Year	400,000.00		400,000.00
Due Beyond One Year	<u>10,178,852.50</u>	<u>-</u>	<u>10,178,852.50</u>
Total Liabilities	<u>11,226,958.63</u>	<u>-</u>	<u>11,226,958.63</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	5,345,758.12	12,926.49	5,358,684.61
Restricted for:			
Debt Service	(189,432.49)		(189,432.49)
Other Purposes	585,510.07		585,510.07
Unrestricted	<u>132,090.50</u>	<u>7,476.39</u>	<u>139,566.89</u>
Total Net Assets	<u>\$ 5,873,926.20</u>	<u>\$ 20,402.88</u>	<u>\$ 5,894,329.08</u>

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Statement of Activities
For the Year Ended June 30, 2010**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 4,558,253.05	\$ 437,786.23		\$ (4,120,466.82)		\$ (4,120,466.82)
Special Education	1,340,177.40	376,112.44		(964,064.96)		(964,064.96)
Other Instruction	556,419.25	43,988.79		(512,430.46)		(512,430.46)
Support Services:						
Tuition	2,887,319.00	231,465.01		(2,655,853.99)		(2,655,853.99)
Student and Instruction Related Services	1,339,530.18	111,554.07		(1,227,976.11)		(1,227,976.11)
School Administrative Services	544,276.12	24,642.86		(519,633.26)		(519,633.26)
General and Business Administrative Services	488,174.89	34,293.15		(453,881.74)		(453,881.74)
Plant Operations and Maintenance	1,008,974.41	43,360.79		(965,613.62)		(965,613.62)
Pupil Transportation	389,490.25	199,259.43		(190,230.82)		(190,230.82)
Interest on Long-Term Debt	438,837.52	438,837.51		(0.01)		(0.01)
Total Governmental Activities	13,551,452.07	1,941,300.28	-	(11,610,151.79)	-	(11,610,151.79)
Business-Type Activities:						
Food Service	11,493.87	6,029.12		2,935.25	2,935.25	2,935.25
Total Business-Type Activities	11,493.87	6,029.12	-	-	2,935.25	2,935.25
Total Primary Government	\$ 13,562,945.94	\$ 1,947,329.40	\$ -	\$ (11,610,151.79)	\$ 2,935.25	\$ (11,607,216.54)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes				\$ 10,639,521.98		\$ 10,639,521.98
Property Taxes, Levied for Debt Service Principal				384,036.48		384,036.48
Federal and State Aid Not Restricted				62,685.68		62,685.68
Tuition (Other Than Special Schools)				410,246.58		410,246.58
Investment Earnings				2,681.20	59.38	2,740.58
Miscellaneous Income (Expense)				100,073.56	(39.28)	100,034.28
Total General Revenues, Special Items, Extraordinary Items and Transfers				11,599,245.48	20.10	11,599,265.58
Change in Net Assets				(10,906.31)	2,955.35	(7,950.96)
Net Assets—Beginning				5,884,832.51	17,447.53	5,902,280.04
Net Assets—Ending				\$ 5,873,926.20	\$ 20,402.88	\$ 5,894,329.08

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

SECTION B
FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Balance Sheet
Governmental Funds
June 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 743,605.88	\$ 107,954.45	\$ 0.33	\$ 851,560.66
Receivables from Other Governments	76,371.08	95,584.00		171,955.08
Other	21,611.33	-		21,611.33
Restricted Cash and Cash Equivalents	<u>214,179.00</u>	<u>-</u>	<u>-</u>	<u>214,179.00</u>
Total Assets	<u>\$ 1,055,767.29</u>	<u>\$ 203,538.45</u>	<u>\$ 0.33</u>	<u>\$ 1,259,306.07</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 255,134.86	\$ 271.00	\$ -	\$ 255,405.86
Interfunds Payable	2,179.36			2,179.36
Deferred Revenue - State and Federal		84,003.12		84,003.12
Deferred Revenue - Local	<u>-</u>	<u>119,264.33</u>	<u>-</u>	<u>119,264.33</u>
Total Liabilities	<u>257,314.22</u>	<u>203,538.45</u>	<u>-</u>	<u>460,852.67</u>
Fund Balances:				
Reserved for:				
Encumbrances	38,608.65			38,608.65
Excess Surplus (2%)	63,186.42			63,186.42
Excess Surplus (2%) - Designated for Subsequent Year's Expenditures	70,305.90			70,305.90
Mandated Excess Surplus (3%) - Designated for Subsequent Year's Expenditures	50,000.00			50,000.00
Capital Reserve Account	214,179.00			214,179.00
Unreserved - Designated for Subsequent Year's Expenditures	149,230.10		-	149,230.10
Unreserved, Reported in:				
General Fund	212,943.00			212,943.00
Debt Service Fund	<u>-</u>	<u>-</u>	<u>0.33</u>	<u>0.33</u>
Total Fund Balances	<u>798,453.07</u>	<u>-</u>	<u>0.33</u>	<u>798,453.40</u>
Total Liabilities and Fund Balances	<u>\$ 1,055,767.29</u>	<u>\$ 203,538.45</u>	<u>\$ 0.33</u>	

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

Adjustment to Debt Service Fund net assets for the accrual of interest expense. (189,432.82)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$19,573,720.12 and the accumulated depreciation is \$3,729,962.00. 15,843,758.12

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 IV:B.) (10,578,852.50)

Net assets of governmental activities \$ 5,873,926.20

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**
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>
REVENUES					
Local Sources:					
Local Tax Levy	\$ 10,639,521.98	\$ -	\$ -	\$ 740,222.00	\$ 11,379,743.98
Tuition Charges	410,246.58				410,246.58
Interest Earned on Investments	2,681.20				2,681.20
Miscellaneous	<u>100,073.56</u>	<u>27,238.66</u>	<u>-</u>	<u>-</u>	<u>127,312.22</u>
Total - Local Sources	11,152,523.32	27,238.66	-	740,222.00	11,919,983.98
State Sources	1,273,573.90	-		82,652.00	1,356,225.90
Federal Sources	<u>-</u>	<u>264,335.88</u>	<u>-</u>	<u>-</u>	<u>264,335.88</u>
Total Revenues	<u>12,426,097.22</u>	<u>291,574.54</u>	<u>-</u>	<u>822,874.00</u>	<u>13,540,545.76</u>
EXPENDITURES					
Current:					
Regular Instruction	3,292,057.34	27,286.64			3,319,343.98
Special Education Instruction	851,730.25	223,855.88			1,075,586.13
Other Instruction	417,765.68	-			417,765.68
Support Services and Undistributed Costs:					
Tuition	2,887,319.00				2,887,319.00
Student and Instruction Related Services	986,974.49	19,757.02			1,006,731.51
School Administrative Services	445,182.56				445,182.56
General and Business Administrative Services	377,682.18				377,682.18
Plant Operations and Maintenance	745,115.25				745,115.25
Pupil Transportation	293,337.15				293,337.15
Unallocated Benefits	2,077,159.11	271.00			2,077,430.11
Capital Outlay	29,764.35	20,404.00			50,168.35
Debt Service:					
Principal				395,000.00	395,000.00
Interest and Other Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>445,550.02</u>	<u>445,550.02</u>
Total Expenditures	<u>12,404,087.36</u>	<u>291,574.54</u>	<u>-</u>	<u>840,550.02</u>	<u>13,536,211.92</u>
Excess (Deficiency) of Revenues over Expenditures	<u>22,009.86</u>	<u>-</u>	<u>-</u>	<u>(17,676.02)</u>	<u>4,333.84</u>
Net Change in Fund Balances	22,009.86	-	-	(17,676.02)	4,333.84
Fund Balance—July 1	<u>776,443.21</u>	<u>-</u>	<u>-</u>	<u>17,676.35</u>	<u>794,119.56</u>
Fund Balance—June 30	<u>\$ 798,453.07</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.33</u>	<u>\$ 798,453.40</u>

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
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)		\$ 4,333.84				
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p>						
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>						
	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 10px;">Depreciation Expense</td> <td style="text-align: right;">\$ (474,001.00)</td> </tr> <tr> <td style="padding-right: 10px;">Capital Outlays</td> <td style="text-align: right;"><u>50,168.35</u></td> </tr> </table>	Depreciation Expense	\$ (474,001.00)	Capital Outlays	<u>50,168.35</u>	(423,832.65)
Depreciation Expense	\$ (474,001.00)					
Capital Outlays	<u>50,168.35</u>					
<p>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.</p>						
		395,000.00				
<p>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. The difference in accrued interest is an addition in the reconciliation. (+)</p>						
	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 10px;">Interest Paid</td> <td style="text-align: right;">445,550.02</td> </tr> <tr> <td style="padding-right: 10px;">Interest Accrued</td> <td style="text-align: right;"><u>(438,837.52)</u></td> </tr> </table>	Interest Paid	445,550.02	Interest Accrued	<u>(438,837.52)</u>	6,712.50
Interest Paid	445,550.02					
Interest Accrued	<u>(438,837.52)</u>					
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and unused sick pay) are measured by the amounts earned during the year. In the governmental funds however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition in the reconciliation (+).</p>						
		6,880.00				
<p>Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds. (+)</p>						
		-				
Change in Net Assets of Governmental Activities		<u><u>\$ (10,906.31)</u></u>				

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

PROPRIETARY FUNDS

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Statement of Net Assets
Proprietary Funds
June 30, 2010

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Food Service</u>	<u>Totals</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 4,837.83	\$ 4,837.83
Accounts Receivable	2,638.56	2,638.56
Total Current Assets	<u>7,476.39</u>	<u>7,476.39</u>
Noncurrent Assets:		
Furniture, Machinery and Equipment	25,792.71	25,792.71
Less Accumulated Depreciation	<u>(12,866.22)</u>	<u>(12,866.22)</u>
Total Noncurrent Assets	<u>12,926.49</u>	<u>12,926.49</u>
Total Assets	<u>20,402.88</u>	<u>20,402.88</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	12,926.49	12,926.49
Unrestricted	<u>7,476.39</u>	<u>7,476.39</u>
Total Net Assets	<u>\$ 20,402.88</u>	<u>\$ 20,402.88</u>

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010**

	Business-Type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 8,400.00	\$ 8,400.00
Total Operating Revenues	<u>8,400.00</u>	<u>8,400.00</u>
Operating Expenses:		
Cost of Sales	9,494.89	9,494.89
Depreciation	<u>1,998.98</u>	<u>1,998.98</u>
Total Operating Expenses	<u>11,493.87</u>	<u>11,493.87</u>
Operating Income (Loss)	<u>(3,093.87)</u>	<u>(3,093.87)</u>
Nonoperating Revenues (Expenses):		
Federal Sources:		
Special Milk Program	6,029.12	6,029.12
Interest and Investment Revenue	59.38	59.38
Miscellaneous Expense	<u>(39.28)</u>	<u>(39.28)</u>
Total Nonoperating Revenues (Expenses)	<u>6,049.22</u>	<u>6,049.22</u>
Income (Loss) Before Contributions and Transfers	<u>2,955.35</u>	<u>2,955.35</u>
Change in Net Assets	2,955.35	2,955.35
Total Net Assets—Beginning	<u>17,447.53</u>	<u>17,447.53</u>
Total Net Assets—Ending	<u>\$ 20,402.88</u>	<u>\$ 20,402.88</u>

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010**

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Food Service</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 8,400.00	\$ 8,400.00
Payments to Suppliers	<u>(9,494.89)</u>	<u>(9,494.89)</u>
Net Cash Provided By (Used for) Operating Activities	<u>(1,094.89)</u>	<u>(1,094.89)</u>
 CASH FLOWS (EXPENSES) FROM NONCAPITAL FINANCING ACTIVITIES		
Federal Sources	3,582.37	3,582.37
Other Miscellaneous	<u>(39.28)</u>	<u>(39.28)</u>
Net Cash Provided By (Used for) Non-capital Financing Activities	<u>3,543.09</u>	<u>3,543.09</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends	<u>59.38</u>	<u>59.38</u>
Net Cash Provided By (Used for) Investing Activities	<u>59.38</u>	<u>59.38</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,507.58	2,507.58
Balances—Beginning of Year	<u>2,330.25</u>	<u>2,330.25</u>
Balances—End of Year	<u>\$ 4,837.83</u>	<u>\$ 4,837.83</u>
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating Income (Loss)	\$ (3,093.87)	\$ (3,093.87)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used for) Operating Activities:		
Depreciation and Net Amortization	<u>1,998.98</u>	<u>1,998.98</u>
Total Adjustments	<u>1,998.98</u>	<u>1,998.98</u>
Net Cash Provided By (Used for) Operating Activities	<u>\$ (1,094.89)</u>	<u>\$ (1,094.89)</u>

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

FIDUCIARY FUNDS

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	<u>\$ 73,008.85</u>	<u>\$ 14,434.97</u>	<u>\$ 19,490.39</u>
Total Assets	<u>\$ 73,008.85</u>	<u>\$ 14,434.97</u>	<u>\$ 19,490.39</u>
LIABILITIES			
Accounts Payable			
Payable to Student Groups	<u>-</u>	<u>-</u>	<u>19,490.39</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 19,490.39</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 73,008.85</u>		
Reserved for Scholarships		<u>\$ 14,434.97</u>	

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2010**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 8,386.70	\$ -
Other	<u>-</u>	<u>1,648.24</u>
Total Contributions	<u>8,386.70</u>	<u>1,648.24</u>
Investment Earnings:		
Interest	<u>621.40</u>	<u>196.96</u>
Net Investment Earnings	<u>621.40</u>	<u>196.96</u>
Total Additions	<u>9,008.10</u>	<u>1,845.20</u>
DEDUCTIONS		
Unemployment Claims	21,140.48	
Scholarships Awarded	<u>-</u>	<u>2,000.00</u>
Total Deductions	<u>21,140.48</u>	<u>2,000.00</u>
Change in Net Assets	<u>(12,132.38)</u>	<u>(154.80)</u>
Net Assets—Beginning	<u>85,141.23</u>	<u>14,589.77</u>
Net Assets—Ending	<u>\$ 73,008.85</u>	<u>\$ 14,434.97</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Board of Education (Board) of the Borough of Ho-Ho-Kus 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 District is required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This Statement established new financial reporting requirements for state and local governments throughout the United States. It required new information and restructuring much of the information that governments had presented in the past. The District began implementing these standards for the fiscal year ending June 30, 2004.

Other GASB Statements were also required to be implemented in conjunction with GASB Statements No. 34. Therefore, the District implemented for the fiscal year ending June 30, 2004, Statement No. 37 – Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus, and Statement No. 38 – Certain Financial Statement Note Disclosures.

B. Reporting Entity

The Borough of Ho-Ho-Kus School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

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 the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Ho-Ho-Kus. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

C. Basic Financial Statements- Government-Wide Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the 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. 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 charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities 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) 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.

D. Basic Financial Statements- Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

The following fund types are used by the District:

Governmental Fund Types

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

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

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 and, excluding equipment, with County Superintendent approval.

Special Revenue Fund – The Special 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.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basic Financial Statements- Fund Financial Statements (Continued)

Proprietary Fund Type

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

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

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

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

Food Service Fund:	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

Fiduciary Fund Types

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (Unemployment Compensation, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

E. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include state and federal aid, property taxes, grants entitlements and donations.

Government 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. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. 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.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

F. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Appropriation of prior year encumbrances in the amount of \$35,883.42 were made during the year ended June 30, 2010. The significant budget transfers and amendments approved in the school year are presented on Exhibit C-1.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Budgets/Budgetary Control (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of 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.

The special revenue fund had no encumbrances at June 30, 2010.

The reconciliation of the general and special revenue funds from the budgetary basis of accounting to the GAAP basis of accounting is presented on Exhibit C-3.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity

1. Deposits and Investments

Deposits are cash and cash equivalents including petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Other than Certificates of Deposit, deposits with maturities of greater than three months are considered to be Investments. U.S. Treasury and Agency Obligations and Certificates of Deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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

2. Short – term Interfund Receivables/Payables

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

3. Inventories

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

4. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on the following assets is provided on the straight – line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and Equipment	5-10 years
Land Improvements	10-20 years
Other Infrastructure	10-50 years

Land and Construction in Progress are not depreciated.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

4. Capital Assets (Continued)

GASB No. 34 requires the District to report and depreciate new infrastructure assets effective with the beginning of the current year. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006.

5. Compensated Absences

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

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations. (See Note IX)

6. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note I(F) regarding the special revenue fund.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

G. Assets, Liabilities and Fund Equity (Continued)

7. Long – term Obligations

Long – term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long – term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government – wide presentations.

8. Fund Equity

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

9. Use of Estimates

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

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note II: Reconciliation of Government Wide and Fund Financial Statements

Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

"Total fund balances" of the District's governmental funds in B-1 differs from "net assets" of governmental activities reported in the statement of net assets in A-1. This difference primarily results from the long - term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

	<u>Balance Sheet/Statement of Net Assets</u>			<u>Statement</u>
<u>Assets</u>	<u>Total</u>	<u>Long - term</u>	<u>Reclassifications</u>	<u>of Net</u>
	<u>Governmental</u>	<u>Assets</u>	<u>and Eliminations</u>	<u>Assets</u>
	<u>Funds</u>	<u>Liabilities (1)</u>	<u></u>	<u>Totals</u>
Cash and Cash Equivalents	\$ 851,560.66	\$ -	\$ -	\$ 851,560.66
Investments	-			-
Receivables, Net			191,387.05	191,387.05
Receivables from Other Governments	171,955.08		(171,955.08)	-
Other Receivables	21,611.33		(21,611.33)	-
Restricted Assets:				
Capital Reserve Account - Cash	214,179.00			214,179.00
Capital Assets, Net	-	15,843,758.12	-	15,843,758.12
Total Assets	<u>1,259,306.07</u>	<u>15,843,758.12</u>	<u>(2,179.36)</u>	<u>17,100,884.83</u>
 <u>Liabilities</u>				
Accounts Payable	255,405.86			255,405.86
Interfunds Payable	2,179.36		(2,179.36)	-
Bond Interest Payable			189,432.82	189,432.82
Deferred Revenue	203,267.45			203,267.45
Noncurrent Liabilities	-	10,498,000.00	80,852.50	10,578,852.50
Total Liabilities	<u>460,852.67</u>	<u>10,498,000.00</u>	<u>268,105.96</u>	<u>11,226,958.63</u>
 <u>Fund Balances/Net Assets</u>				
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt		5,345,758.12		5,345,758.12
Restricted For:				
Special Revenue Fund				-
Capital Projects	-			-
Debt Service	0.33		(189,432.82)	(189,432.49)
Permanent endowment - nonexpendable				-
Other Purposes	585,510.07			585,510.07
Unrestricted	212,943.00	-	(80,852.50)	132,090.50
Total Fund Balances/Net Assets	<u>798,453.40</u>	<u>5,345,758.12</u>	<u>(270,285.32)</u>	<u>5,873,926.20</u>
Total Liabilities and Fund Balances/Net Assets	<u>\$ 1,259,306.07</u>	<u>\$ 15,843,758.12</u>	<u>\$ (2,179.36)</u>	<u>\$ 17,100,884.83</u>

1. When Capital Assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the District as a whole.

Cost of capital assets	\$ 19,573,720.12
Accumulated depreciation	<u>(3,729,962.00)</u>
	<u>\$ 15,843,758.12</u>

Long - term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long - term are reported in the statement of net assets.

Serial Bonds	\$ 10,498,000.00
Compensated Absences	80,852.50
	<u>\$ 10,578,852.50</u>

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note II: Reconciliation of Government Wide and Fund Financial Statements (Continued)

Explanation of Differences between Governmental Funds Operating Statement of Activities

The "net change in fund balances" for governmental funds in B-2 differs from the "change in net assets" for governmental activities reported in the statement of activities in A-2. The difference arise primarily for the long - term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities

<u>Revenues and Other Sources</u>	<u>Total Governmental Funds</u>	<u>Long - term Revenue, Expenses (2)</u>	<u>Capital Related Items (3)</u>	<u>Long - term Debt Transactions (4)</u>	<u>Reclassifications and Eliminations (5)</u>	<u>Statement of Activities Totals</u>
Local Tax Levy	\$ 11,379,743.98	\$ -	\$ -	\$ -	\$ -	\$ 11,379,743.98
Tuition Charges	410,246.58					410,246.58
Interest Earned on Investments	2,681.20					2,681.20
Miscellaneous	127,312.22					127,312.22
State Sources	1,356,225.90					1,356,225.90
Federal Sources	264,335.88	-	-	-	-	264,335.88
Total	<u>\$ 13,540,545.76</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,540,545.76</u>
 <u>Expenditures</u>						
Current:						
Regular Instruction	3,319,343.98		188,673.19	(7,262.50)	1,057,498.38	4,558,253.05
Special Education	1,075,586.13			(105.00)	264,696.27	1,340,177.40
Other Instruction	417,765.68				138,653.57	556,419.25
Support Services and Undistributed Costs:						
Tuition	2,887,319.00					2,887,319.00
Student and Instruction Related Services	1,006,731.51		43,248.19	787.50	288,762.98	1,339,530.18
School Administrative Services	445,182.56		21,418.77		77,674.79	544,276.12
General and Business Administrative Services	377,682.18		-	2,400.00	108,092.71	488,174.89
Plant Operations and Maintenance	745,115.25		129,885.05	(2,700.00)	136,674.11	1,008,974.41
Pupil Transportation	293,337.15		90,775.81		5,377.30	389,490.25
Unallocated Benefits	2,077,430.11				(2,077,430.11)	-
Capital Outlay	50,168.35		(50,168.35)			-
Debt Service:						
Principal	395,000.00			(395,000.00)		-
Interest	445,550.02	(6,712.50)	-	-	-	438,837.52
Total	<u>13,536,211.92</u>	<u>(6,712.50)</u>	<u>423,832.65</u>	<u>(401,880.00)</u>	<u>-</u>	<u>(13,551,452.07)</u>
Net Change for the Year	<u>\$ 4,333.84</u>	<u>\$ 6,712.50</u>	<u>\$ (423,832.65)</u>	<u>\$ 401,880.00</u>	<u>\$ -</u>	<u>\$ (10,906.31)</u>

2. 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. The accrued interest is an addition in the reconciliations. (+)

\$ 6,712.50

3. 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 which capital outlays exceeded depreciation in the period.

Depreciation expense	\$ (474,001.00)
Capital outlays	50,168.35
	<u>\$ (423,832.65)</u>

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

\$ 6,880.00

4. Payment of long-term liability principal is an expenditure in the government funds, but the payment reduces long - term liabilities in the statement of net assets and is not reported in the statement of activities.

Debt principal	395,000.00
	<u>\$ 401,880.00</u>

5. Allocate Benefits expenditures

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

At June 30, 2010 the Borough of Ho-Ho-Kus's School District cash and cash equivalent's amounted to \$1,355,749.09. Of this amount, \$250,000.00 was covered by federal depository insurance (F.D.I.C.) and \$1,105,749.09 by a collateral pool maintained by the banks as required by GUDPA.

At June 30, 2010 the Borough of Ho-Ho-Kus School District did not participate in the State of New Jersey Cash Management Fund.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Borough of Ho-Ho-Kus School District will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of June 30, 2010, none of the Borough of Ho-Ho-Kus School District's cash and cash equivalents was exposed to custodial credit risk.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 18A:20-37) permit the Borough of Ho-Ho-Kus School District to purchase the following types of securities:

a. When authorized by resolution adopted by a majority vote of all its members the board of education of any school district may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the school district;

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations of the school district or bonds or other obligations of local unit or units within which the school district is located;

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by school district;

(6) Local government investment pools;

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4) or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41) and for which a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough of Ho-Ho-Kus Board School District had no investments as described in Note I:G.1 at June 30, 2009.

B. Interfund Receivables and Payables

As of June 30, 2010, interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
General Fund		\$2,179.36
Enterprise Fund	\$2,179.36	

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note III: Detailed Disclosure Regarding Assets and Revenues (Continued)

C. Capital Assets

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 39,002.00	\$ -	\$ -	\$ 39,002.00
Land Improvements				-
Construction in Progress	<u>126,203.36</u>	<u>21,529.35</u>	<u>-</u>	<u>147,732.71</u>
Total Capital Assets Not Being Depreciated	<u>165,205.36</u>	<u>21,529.35</u>	<u>-</u>	<u>186,734.71</u>
Land Improvements	238,360.00			238,360.00
Buildings and Improvements	18,505,524.00			18,505,524.00
Machinery and Equipment	<u>614,462.41</u>	<u>28,639.00</u>	<u>-</u>	<u>643,101.41</u>
Totals at Historical Cost	<u>19,358,346.41</u>	<u>28,639.00</u>	<u>-</u>	<u>19,386,985.41</u>
Less Accumulated Depreciation for:				
Land Improvements	(172,817.00)	(20,867.00)		(193,684.00)
Buildings and Improvements	(2,729,371.00)	(409,272.00)		(3,138,643.00)
Machinery and Equipment	<u>(353,773.00)</u>	<u>(43,862.00)</u>	<u>-</u>	<u>(397,635.00)</u>
Total Accumulated Depreciation	<u>(3,255,961.00)</u>	<u>(474,001.00)</u> (1)	<u>-</u>	<u>(3,729,962.00)</u>
Net Capital Assets Being Depreciated	<u>16,102,385.41</u>	<u>(445,362.00)</u>	<u>-</u>	<u>15,657,023.41</u>
Governmental Activities Capital Assets, Net	<u>\$16,267,590.77</u>	<u>\$ (423,832.65)</u>	<u>\$ -</u>	<u>\$ 15,843,758.12</u>
Business - Type Activities:				
Equipment	\$ 25,792.71	\$ -	\$ -	\$ 25,792.71
Less Accumulated Depreciation	<u>(10,867.24)</u>	<u>(1,998.98)</u>	<u>-</u>	<u>(12,866.22)</u>
Business - Type Activities Capital Assets, Net	<u>\$ 14,925.47</u>	<u>\$ (1,998.98)</u>	<u>\$ -</u>	<u>\$ 12,926.49</u>

(1) Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 188,673.19
Student and Instruction Related Services	43,248.19
School Administrative Services	21,418.77
General and Business Administrative Services	-
Plant Operations and Maintenance	129,885.05
Pupil Transportation	<u>90,775.81</u>
	<u>\$ 474,001.00</u>

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note IV: Detailed Disclosures Regarding Liabilities and Expenses/Expenditures

A. Operating Leases

The District has commitments to lease copiers and computer equipment under operating leases which expire in 2014. Total operating lease payments made during the year ended June 30, 2010 were \$ 31,104.00. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2011	\$ 31,104.00
June 30, 2012	31,104.00
June 30, 2013	30,828.00
June 30, 2014	<u>15,000.00</u>
Total future minimum lease payments	<u>\$ 108,036.00</u>

B. Long - Term Liabilities

Long - Term liability activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Long - Term Debt:					
Serial Bonds	<u>\$ 10,893,000.00</u>	<u>\$ -</u>	<u>\$(395,000.00)</u>	<u>\$ 10,498,000.00</u>	<u>\$ 400,000.00</u>
Total Debt Payable	<u>10,893,000.00</u>	<u>-</u>	<u>(395,000.00) (1)</u>	<u>10,498,000.00</u>	<u>400,000.00</u>
Other Liabilities:					
Compensated Absences	<u>87,732.50</u>	<u>10,520.00</u>	<u>(17,400.00)</u>	<u>80,852.50</u>	
Total Other Liabilities	<u>87,732.50</u>	<u>10,520.00</u>	<u>(17,400.00) (2)</u>	<u>80,852.50</u>	<u>-</u>
Governmental Activities					
Long - Term Liabilities	<u>\$ 10,980,732.50</u>	<u>\$ 10,520.00</u>	<u>\$(412,400.00)</u>	<u>\$ 10,578,852.50</u>	<u>\$ 400,000.00</u>

(1) Paid by Debt Service Fund

(2) Paid by General Fund

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

1. Bonds Payable

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.

Serial Bonds outstanding as of June 30, 2010 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Additions and Renovations to Elementary School	Various	1/1	1/1/29	\$ 3,800,000.00 (1)	\$ 3,020,000.00
Additions and Renovations to Elementary School	Various	2/1	2/1/29	<u>9,113,000.00</u>	<u>7,478,000.00</u>
				<u>\$12,913,000.00</u>	<u>\$10,498,000.00</u>

(1) Bonds were Refunded on 9/13/07 and Reissued in the amount of \$3,265,000.00.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note IV: Detailed Disclosure Regarding Liabilities and Expenses/Expenditures (Continued)

B. Long – Term Liabilities (Continued)

1. Bonds Payable

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 400,000.00	\$ 430,320.02	\$ 830,320.02
2012	410,000.00	414,900.02	824,900.02
2013	420,000.00	399,090.02	819,090.02
2014	430,000.00	382,890.02	812,890.02
2015	440,000.00	366,300.02	806,300.02
2016	455,000.00	349,320.02	804,320.02
2017	475,000.00	331,760.02	806,760.02
2018	495,000.00	313,178.76	808,178.76
2019	520,000.00	293,816.26	813,816.26
2020	540,000.00	273,016.26	813,016.26
2021	560,000.00	251,416.26	811,416.26
2022	585,000.00	229,016.26	814,016.26
2023	610,000.00	205,091.26	815,091.26
2024	635,000.00	179,603.76	814,603.76
2025	660,000.00	153,066.26	813,066.26
2026	690,000.00	125,478.76	815,478.76
2027	705,000.00	95,403.76	800,403.76
2028	730,000.00	64,428.76	794,428.76
2029	<u>738,000.00</u>	<u>32,385.00</u>	<u>770,385.00</u>
	<u>\$10,498,000.00</u>	<u>\$4,890,481.50</u>	<u>\$15,388,481.50</u>

2. Bonds Authorized But Not Issued

As of June 30, 2010 the Board had authorized but not issued bonds in the amount of \$656.00.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note V: Detailed Disclosure Regarding Fund Equity

A. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L.2004, C.73 (S1701), the designation for Reserved Fund Balance—Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund 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 \$133,492.32. The reserved fund balance of \$70,305.90 has been appropriated in the fiscal year 2010-2011 and \$63,186.42 will be appropriated in the fiscal year 2011-2012.

B. Capital Reserve Account

A capital reserve account was established by the Borough of Ho-Ho-Kus Board of Education by inclusion of \$1.00 on October 3, 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. 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, 2005 to June 30, 2010 fiscal years is as follows:

Beginning Balance, July 1, 2005	\$ 60,901.00
Budgeted Capital Reserve Increase	95,840.00
Interest earnings	900.00
Interest earnings	2,200.00
Interest earnings	700.00
Budgeted Capital Reserve Increase	157,443.00
Withdrawal from Capital Reserve-Excess Costs	(256,000.00)
Interest earnings	2,170.00
Interest earnings	25.00
2009-2010 Transfer from Undesignated Fund Balance	<u>150,000.00</u>
Ending Balance June 30, 2010	<u>\$ 214,179.00</u>

The LRFP balance of local support costs of uncompleted capital projects at June 30, 2010 is \$3,168,516.00. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note VI: Pension Plans

Description of Systems

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

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

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

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

Retirement Benefits

For PERS and TPAF employees, the benefits will be 1/55 of the average of the three highest years compensation for each year of service. However, for PERS and TPAF who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note VI: Pension Plans (Continued)

Significant Legislation

Chapter 89, P.L. 2008, effective November 1, 2008, increased TPAF and PERS retirement age. If a person becomes a member on or after November 1, 2008 that person must be at least 62 years of age in order to retire without reduction in their retirement allowance.

Chapter 99, P.L. 2009, effective March 17, 2009 gives local PERS employers the option to defer 50% of their contributions in fiscal year 2009 the normal and accrued liability and pay 50 percent of the certified amount as determined by the actuary or pay the full 100% certified amount.

Contribution Requirements – Requirements

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contribution employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.50 percent for TPAF and PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of living adjustments and noncontributory death benefits in the TPAF and PERS. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2009, for TPAF, annual pension cost equals annual required contribution. For PERS, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

During the year ended June 30, 2008, for TPAF, annual pension cost equals annual required contribution. For PERS, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note VI: Pension Plans (Continued)

Contributions – Actual

The District's total payroll for the year ended June 30, 2010 was \$6,005,657.23 and covered payroll was \$4,641,850.00 for TPAF and \$1,012,019.00 for PERS. Contributions to the TPAF and the PERS for the last three years ended June 30, 2010 made by the employees, the Board, and the State of New Jersey on behalf of the Board were as follows:

		<u>TPAF</u>	Percent of <u>Covered</u> <u>Payroll</u>	<u>PERS</u>	Percent of <u>Covered</u> <u>Payroll</u>
Employees	6/30/08	247,907.11	5.50%	49,974.83	5.60%
	6/30/09	247,578.60	5.55%	55,307.62	5.65%
	6/30/10	256,226.57	5.52%	56,098.52	5.54%
Board of Education	6/30/08			50,183.20	5.62%
	6/30/09			67,148.00	6.86%
	6/30/10			84,582.00	8.35%
State of New Jersey	6/30/08	582,103.00	12.91%		
	6/30/09	300,408.00	6.73%		
	6/30/10	309,894.00	6.67%		

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$349,098.90 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 and the State of New Jersey's Contribution to the TPAF have been included in the basic financial statements and the budgetary comparison schedule – General Fund as a revenue and expenditure in accordance with GASB 24.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010
(CONTINUED)

Note VII: Post-Retirement Medical Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. 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 Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

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

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS 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.

Note VIII: Risk Management

The District is a member of the Northeast Bergen County Insurance Group (NESBIG). NESBIG is an insured and self-administered workers' compensation liability pool. The District pays an annual assessment to the NESBIG and should it be determined that payments received by the NESBIG are deficient, additional assessments may be levied. Additionally, the NESBIG maintains a contract of excess insurance with a commercial reinsurer to secure the payment of statutory workers' compensation benefits. The District continues to carry commercial insurance coverage for all other risks of loss.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

Note IX: 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 termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after 15 years of service.

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

**REQUIRED SUPPLEMENTARY INFORMATION -
PART II**

SECTION C
BUDGETARY COMPARISON SCHEDULES

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual	
REVENUES:						
Local Sources:						
Local Tax Levy	\$ 10,639,522.00	\$ -	\$ 10,639,522.00	\$ 10,639,521.98	\$ (0.02)	
Tuition	507,720.00	-	507,720.00	410,246.58	(97,473.42)	
Interest Earned on Investments	14,400.00	-	14,400.00	2,681.20	(11,718.80)	
Interest Earned on Capital Reserve Funds	25.00	-	25.00	-	(25.00)	
Miscellaneous	79,600.00	-	79,600.00	100,073.56	20,473.56	
Total - Local Sources	11,241,267.00	-	11,241,267.00	11,152,523.32	(88,743.68)	
State Sources:						
Categorical Special Education Aid	444,915.00	-	444,915.00	308,763.00	(136,152.00)	
Categorical Security Aid	64,458.00	-	64,458.00	64,458.00	-	
Categorical Transportation Aid	203,478.00	-	203,478.00	203,478.00	-	
Extraordinary Aid	25,000.00	-	25,000.00	54,597.00	29,597.00	
Non-Public Transportation Aid	-	-	-	4,228.00	4,228.00	
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	309,894.00	309,894.00	
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	349,098.90	349,098.90	
Total State Sources	737,851.00	-	737,851.00	1,294,516.90	556,665.90	
Total Revenues	11,979,118.00	-	11,979,118.00	12,447,040.22	467,922.22	
EXPENDITURES:						
Current Expense:						
Regular Programs - Instruction						
Preschool/Kindergarten - Salaries of Teachers	110-100-101	\$ 199,837.00	\$ 55,000.00	\$ 254,837.00	\$ 254,839.00	\$ (2.00)
Grades 1-5 - Salaries of Teachers	120-100-101	1,663,737.00	(33,097.00)	1,630,640.00	1,606,628.33	24,011.67
Grades 6-8 - Salaries of Teachers	130-100-101	1,192,165.00	-	1,192,165.00	1,178,724.85	13,440.15
Regular Programs - Undistributed Instruction						
Other Salaries for Instruction	190-100-106	43,688.00	18,229.00	61,917.00	61,916.41	0.59
Purchased Professional-Educational Services	190-100-320	2,000.00	-	2,000.00	924.00	1,076.00
Purchased Technical Services	190-100-340	35,700.00	(5,765.00)	29,935.00	24,796.20	5,138.80
Other Purchased Services (400-500 series)	190-100-500	34,500.00	(17.00)	34,483.00	31,618.70	2,864.30
General Supplies	190-100-610	126,000.00	(5,237.81)	120,762.19	119,281.67	1,480.52
Textbooks	190-100-640	15,000.00	895.58	15,895.58	12,678.68	3,216.90
Other Objects	190-100-800	1,600.00	-	1,600.00	649.50	950.50
TOTAL REGULAR PROGRAMS - INSTRUCTION		3,314,227.00	30,007.77	3,344,234.77	3,292,057.34	52,177.43
Multiple Disabilities:						
Salaries of Teachers	212-100-101	86,266.00	-	86,266.00	82,229.00	4,037.00
Other Salaries for Instruction	212-100-106	193,708.00	(4,185.00)	189,523.00	177,414.65	12,108.35
Purchased Professional-Educational Services	212-100-320	83,383.00	906.87	84,289.87	73,587.37	10,702.50
General Supplies	212-100-610	1,000.00	223.41	1,223.41	1,202.28	21.13
Total Multiple Disabilities		364,357.00	(3,054.72)	361,302.28	334,433.30	26,868.98
Resource Room/Resource Center:						
Salaries of Teachers	213-100-101	360,147.00	1,500.00	361,647.00	361,651.42	(4.42)
Other Salaries for Instruction	213-100-106	18,765.00	-	18,765.00	18,000.00	765.00
Total Resource Room/Resource Center		378,912.00	1,500.00	380,412.00	379,651.42	760.58
Preschool Disabilities - Part-Time:						
Salaries of Teachers	215-100-101	117,065.00	-	117,065.00	115,512.00	1,553.00
Other Salaries for Instruction	215-100-106	27,822.00	-	27,822.00	21,663.68	6,158.32
General Supplies	215-100-610	500.00	-	500.00	469.85	30.15
Total Preschool Disabilities - Part-Time		145,387.00	-	145,387.00	137,645.53	7,741.47
TOTAL SPECIAL EDUCATION - INSTRUCTION		888,656.00	(1,554.72)	887,101.28	851,730.25	35,371.03

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2010
(Continued)

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction						
Salaries of Teachers	230-100-101	\$ 317,012.00	\$ 7,500.00	\$ 324,512.00	\$ 324,552.00	\$ (40.00)
Total Basic Skills/Remedial - Instruction		<u>317,012.00</u>	<u>7,500.00</u>	<u>324,512.00</u>	<u>324,552.00</u>	<u>(40.00)</u>
Bilingual Education - Instruction						
Salaries of Teachers	240-100-101	12,212.00	-	12,212.00	11,738.00	474.00
Total Bilingual Education - Instruction		<u>12,212.00</u>	<u>-</u>	<u>12,212.00</u>	<u>11,738.00</u>	<u>474.00</u>
School-Spon. Cocurricular Actvts. - Inst.						
Salaries	401-100-100	31,565.00	-	31,565.00	30,715.00	850.00
Supplies and Materials	401-100-600	3,100.00	-	3,100.00	3,100.00	-
Other Objects	401-100-800	400.00	-	400.00	324.48	75.52
Total School-Spon. Cocurricular Actvts. - Inst.		<u>35,065.00</u>	<u>-</u>	<u>35,065.00</u>	<u>34,139.48</u>	<u>925.52</u>
Other Instructional Programs - Instruction						
Salaries	402-100-100	41,415.00	-	41,415.00	39,727.00	1,688.00
Purchased Services (300-500 series)	402-100-500	6,825.00	120.00	6,945.00	6,301.57	643.43
Supplies and Materials	402-100-600	1,750.00	-	1,750.00	1,157.63	592.37
Other Objects	402-100-800	750.00	(120.00)	630.00	150.00	480.00
Total Other Instructional Programs - Instruction		<u>50,740.00</u>	<u>-</u>	<u>50,740.00</u>	<u>47,336.20</u>	<u>3,403.80</u>
Total Instruction		<u>4,617,912.00</u>	<u>35,953.05</u>	<u>4,653,865.05</u>	<u>4,561,553.27</u>	<u>92,311.78</u>
Undistributed Expenditures - Instruction:						
Tuition to Other LEAs Within the State - Regular	000-100-561	2,585,976.00	(57,655.00)	2,528,321.00	2,517,096.47	11,224.53
Tuition to Other LEAs Within the State - Special	000-100-562	77,199.00	(58,540.31)	18,658.69	17,926.50	732.19
Tuition to County Voc. School Dist. - Regular	000-100-563	23,160.00	46,320.00	69,480.00	65,834.61	3,645.39
Tuition to County Voc. School Dist. - Special	000-100-564	-	-	-	-	-
Tuition to CSSD & Regional Day Schools	000-100-565	52,800.00	(695.00)	52,105.00	35,343.00	16,762.00
Tuition to Private Schools for the Disabled - Within State	000-100-566	219,125.00	(30,991.10)	188,133.90	181,968.42	6,165.48
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S	000-100-567	114,495.00	(45,000.00)	69,495.00	69,150.00	345.00
Tuition - State Facilities	000-100-568	-	-	-	-	-
Total Undistributed Expenditures - Instruction:		<u>3,072,755.00</u>	<u>(146,561.41)</u>	<u>2,926,193.59</u>	<u>2,887,319.00</u>	<u>38,874.59</u>
Undistributed Expend. - Attend. & Social Work						
Salaries	000-211-100	4,218.00	3.76	4,221.76	4,221.76	-
Total Undistributed Expend. - Attend. & Social Work		<u>4,218.00</u>	<u>3.76</u>	<u>4,221.76</u>	<u>4,221.76</u>	<u>-</u>
Undist. Expend. - Health Services						
Salaries	000-213-100	77,121.00	2,996.24	80,117.24	80,116.50	0.74
Purchased Professional and Technical Services	000-213-300	2,250.00	230.00	2,480.00	2,225.50	254.50
Other Purchased Services (400-500 series)	000-213-500	50.00	-	50.00	50.00	-
Supplies and Materials	000-213-600	2,500.00	(230.00)	2,270.00	2,106.48	163.52
Total Undistributed Expenditures - Health Services		<u>81,921.00</u>	<u>2,996.24</u>	<u>84,917.24</u>	<u>84,498.48</u>	<u>418.76</u>
Undist. Expend. - Other Supp. Serv. Students - Related Serv.						
Salaries of Other Professional Staff	000-216-100	155,951.00	-	155,951.00	153,502.40	2,448.60
Purchased Professional - Educational Services	000-216-320	37,095.00	-	37,095.00	30,281.61	6,813.39
Supplies and Materials	000-216-600	1,650.00	-	1,650.00	1,314.26	335.74
Total Undist. Expend. - Other Supp. Serv. Students - Related Serv.		<u>194,696.00</u>	<u>-</u>	<u>194,696.00</u>	<u>185,098.27</u>	<u>9,597.73</u>
Undist. Expend. - Other Supp. Serv. Students - Extra Serv.						
Salaries of Other Professional Staff	000-217-100	132,215.00	5,185.00	137,400.00	131,866.90	5,533.10
Total Undist. Expend. - Other Supp. Serv. Students - Extra Serv.		<u>132,215.00</u>	<u>5,185.00</u>	<u>137,400.00</u>	<u>131,866.90</u>	<u>5,533.10</u>
Undist. Expend. - Other Supp. Serv. Students-Reg.						
Salaries of Other Professional Staff	000-218-104	94,008.00	1,000.00	95,008.00	91,050.76	3,957.24
Other Purchased Prof. and Tech. Services	000-218-390	-	-	-	-	-
Supplies and Materials	000-218-600	2,933.00	-	2,933.00	2,097.90	835.10
Total Undist. Expend. - Other Supp. Serv. Students-Reg.		<u>96,941.00</u>	<u>1,000.00</u>	<u>97,941.00</u>	<u>93,148.66</u>	<u>4,792.34</u>
Undist. Expend. - Other Supp. Serv. Students-Special						
Salaries of Other Professional Staff	000-219-104	256,243.00	-	256,243.00	255,793.90	449.10
Salaries of Secretarial and Clerical Assistants	000-219-105	36,836.00	-	36,836.00	36,217.03	618.97
Purchased Professional - Educational Services	000-219-320	6,925.00	-	6,925.00	350.00	6,575.00
Other Purchased Prof. and Tech. Services	000-219-390	11,900.00	-	11,900.00	3,747.00	8,153.00
Other Purchased Services (400-500 series)	000-219-500	-	-	-	-	-
Residential Costs	000-219-591	95,471.00	(49,236.55)	46,234.45	22,250.00	23,984.45
Misc. Pur. Serv. (400-500 series) Other Than Residential Costs	000-219-592	2,700.00	170.00	2,870.00	2,589.06	280.94
Supplies and Materials	000-219-600	2,250.00	109.30	2,359.30	2,359.30	-
Other Objects	000-219-800	250.00	-	250.00	-	250.00
Total Undist. Expend. - Other Supp. Serv. Students-Spl.		<u>412,575.00</u>	<u>(48,959.25)</u>	<u>363,615.75</u>	<u>323,306.29</u>	<u>40,309.46</u>
Undist. Expend. - Improvement of Inst. Serv.						
Salaries of Other Professional Staff	000-221-104	7,500.00	-	7,500.00	-	7,500.00
Purchased Prof- Educational Services	000-221-320	47,958.00	(2,464.00)	45,494.00	45,493.56	0.44
Other Purch Services (400-500)	000-221-500	-	-	-	-	-
Total Undist. Expend. - Improvement of Inst. Serv.		<u>55,458.00</u>	<u>(2,464.00)</u>	<u>52,994.00</u>	<u>45,493.56</u>	<u>7,500.44</u>

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2010
(Continued)

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library						
Salaries	000-222-100	\$ 48,282.00	\$ 1,900.00	\$ 50,182.00	\$ 50,082.00	\$ 100.00
Supplies and Materials	000-222-600	7,660.00	-	7,660.00	5,106.73	2,553.27
Other Objects	000-222-800	735.00	-	735.00	735.00	-
Total Undist. Expend. - Edu. Media Serv./Sch. Library		<u>56,677.00</u>	<u>1,900.00</u>	<u>58,577.00</u>	<u>55,923.73</u>	<u>2,653.27</u>
Undist. Expend. - Instructional Staff Training Serv.						
Salaries of Other Professional Staff	000-223-104	42,023.00	1,400.00	43,423.00	43,422.82	0.18
Other Purchased Services (400-500 series)	000-223-500	10,000.00	10,361.50	20,361.50	19,196.52	1,164.98
Supplies and Materials	000-223-600	1,000.00	(202.50)	797.50	797.50	-
Total Undist. Expend. - Instructional Staff Training Serv.		<u>53,023.00</u>	<u>11,559.00</u>	<u>64,582.00</u>	<u>63,416.84</u>	<u>1,165.16</u>
Undist. Expend. - Supp. Serv. - General Admin.						
Salaries	000-230-100	238,538.00	-	238,538.00	235,749.97	2,788.03
Legal Services	000-230-331	20,000.00	23,506.85	43,506.85	32,111.04	11,395.81
Audit Fees	000-230-332	14,000.00	13,500.00	27,500.00	13,500.00	14,000.00
Other Purchased Professional Services	000-230-339	6,500.00	7,500.00	14,000.00	7,970.97	6,029.03
Purchased Technical Services	000-230-340	10,000.00	-	10,000.00	9,579.40	420.60
Communications/Telephone	000-230-530	33,160.00	4,661.68	37,821.68	34,204.57	3,617.11
BOE Other Purchased Services	000-230-585	1,250.00	-	1,250.00	554.50	695.50
Other Purchased Services (400-500 series)	000-230-590	17,500.00	-	17,500.00	12,971.46	4,528.54
General Supplies	000-230-610	2,500.00	-	2,500.00	757.60	1,742.40
BOE In-House Training/Meeting Supplies	000-230-630	200.00	-	200.00	-	200.00
Miscellaneous Expenditures	000-230-890	30,000.00	(2,500.00)	27,500.00	23,534.67	3,965.33
BOE Membership Dues and Fees	000-230-895	7,625.00	-	7,625.00	6,748.00	877.00
Total Undist. Expend. - Supp. Serv. - General Admin.		<u>381,273.00</u>	<u>46,666.53</u>	<u>427,941.53</u>	<u>377,682.18</u>	<u>50,259.35</u>
Undist. Expend. - Support Serv. - School Admin.						
Salaries of Principals/Assistant Principals	000-240-103	233,593.00	-	233,593.00	227,854.39	5,738.61
Salaries of Secretarial and Clerical Assistants	000-240-105	66,143.00	-	66,143.00	61,056.77	5,086.23
Other Purchased Services (400-500 series)	000-240-500	-	-	-	-	-
Supplies and Materials	000-240-600	8,375.00	(454.77)	7,920.23	5,742.49	2,177.74
Other Objects	000-240-800	3,750.00	550.00	4,300.00	4,044.00	256.00
Total Undist. Expend. - Support Serv. - School Admin.		<u>311,861.00</u>	<u>95.23</u>	<u>311,956.23</u>	<u>298,697.65</u>	<u>13,258.58</u>
Undist. Expend. - Central Services						
Salaries	000-251-100	86,629.00	(5,000.00)	81,629.00	81,333.56	295.44
Purchased Professional Services	000-251-330	62,900.00	5,825.00	68,725.00	63,656.64	5,068.36
Supplies and Materials	000-251-600	2,500.00	-	2,500.00	1,494.71	1,005.29
Other Objects	000-251-890	-	-	-	-	-
Total Undist. Expend. - Support Serv. - School Admin.		<u>152,029.00</u>	<u>825.00</u>	<u>152,854.00</u>	<u>146,484.91</u>	<u>6,369.09</u>
Undist. Expend. - Required Maint. for Sch. Facil.						
Salaries	000-261-100	62,185.00	-	62,185.00	60,822.61	1,362.39
Cleaning, Repair and Maintenance Services	000-261-420	21,425.00	8,550.00	29,975.00	25,916.09	4,058.91
General Supplies	000-261-610	15,500.00	(2,500.00)	13,000.00	11,230.37	1,769.63
Total Undist. Expend. - Required Maint. for Sch. Facil.		<u>99,110.00</u>	<u>6,050.00</u>	<u>105,160.00</u>	<u>97,969.07</u>	<u>7,190.93</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant						
Salaries	000-262-100	335,538.00	(3,000.00)	332,538.00	317,859.17	14,678.83
Purchased Professional and Technical Services	000-262-300	2,000.00	1,814.25	3,814.25	3,439.25	375.00
Cleaning, Repair and Maintenance Services	000-262-420	26,735.00	8,175.00	34,910.00	22,183.19	12,726.81
Other Purchased Property Services	000-262-490	4,443.00	1,300.00	5,743.00	4,077.82	1,665.18
Insurance	000-262-520	55,497.00	-	55,497.00	52,663.00	2,834.00
General Supplies	000-262-610	41,850.00	2,645.67	44,495.67	33,683.56	10,812.11
Energy (Energy and Electricity)	000-262-620	262,785.00	(5,300.00)	257,485.00	180,242.87	77,242.13
Other Objects	000-262-800	1,500.00	-	1,500.00	823.99	676.01
Total Undist. Expend. - Other Oper. & Maint. Of Plant		<u>730,348.00</u>	<u>5,634.92</u>	<u>735,982.92</u>	<u>614,972.85</u>	<u>121,010.07</u>
Undist. Expend. - Care and Upkeep of Grounds						
Salaries	000-263-100	19,635.00	3,600.00	23,235.00	22,243.59	991.41
Cleaning, Repair and Maintenance Services	000-263-420	14,000.00	(1,500.00)	12,500.00	3,864.55	8,635.45
General Supplies	000-263-610	5,950.00	1,500.00	7,450.00	6,065.19	1,384.81
Total Undist. Expend. - Care and Upkeep of Grounds		<u>39,585.00</u>	<u>3,600.00</u>	<u>43,185.00</u>	<u>32,173.33</u>	<u>11,011.67</u>
Undist. Expend. - Student Transportation Serv.						
Salaries for Pupil Trans. (Between Home & School) - Regular	000-270-160	-	-	-	-	-
Salaries for Pupil Trans. (Between Home & School) - Special	000-270-161	7,300.00	-	7,300.00	4,450.00	2,850.00
Salaries for Pupil Trans. (Other than Between Home & School)	000-270-162	8,415.00	-	8,415.00	7,100.00	1,315.00
Management Fees - ESC & CTSA Transportation Programs	000-270-350	4,224.00	-	4,224.00	4,224.00	-
Other Purchased Professional and Technical Services	000-270-390	550.00	180.00	730.00	389.30	340.70
Cleaning, Repair and Maintenance Services	000-270-420	300.00	74.12	374.12	374.12	-
Contracted Services-Aid in Lieu of Payments-Non Public School	000-270-503	30,162.00	(891.75)	29,270.25	27,138.66	2,131.59
Contracted Services (Other than Between Home and School) - Vendors	000-270-512	4,500.00	891.75	5,391.75	5,360.00	31.75
Contracted Services (Regular Students) - ESCs	000-270-517	175,275.00	-	175,275.00	173,568.24	1,706.76
Contracted Services (Special Education Students) - ESCs	000-270-518	134,616.00	-	134,616.00	70,221.60	64,394.40
Supplies and Materials	000-270-600	400.00	61.23	461.23	461.23	-
Miscellaneous Expenditures	000-270-800	250.00	-	250.00	50.00	200.00
Total Undist. Expend. - Student Transportation Serv.		<u>365,992.00</u>	<u>315.35</u>	<u>366,307.35</u>	<u>293,337.15</u>	<u>72,970.20</u>

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2010
(Concluded)

		Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS						
Social Security Contributions	000-291-220	\$ 114,186.00	\$ 3,790.00	\$ 117,976.00	\$ 117,975.41	\$ 0.59
Other Retirement Contributions - Regular	000-291-241	89,852.00	(5,013.00)	84,839.00	84,582.00	257.00
Workmen's Compensation	000-291-260	80,514.00	698.00	81,212.00	81,212.00	-
Health Benefits	000-291-270	1,041,261.00	67,500.00	1,108,761.00	1,082,877.80	25,883.20
Tuition Reimbursement	000-291-280	28,000.00	2,200.00	30,200.00	23,858.00	6,342.00
Other Employee Benefits	000-291-290	23,500.00	4,622.00	28,122.00	27,661.00	461.00
TOTAL UNALLOCATED BENEFITS		<u>1,377,313.00</u>	<u>73,797.00</u>	<u>1,451,110.00</u>	<u>1,418,166.21</u>	<u>32,943.79</u>
On-behalf TPAF pension Contributions (non-budgeted)		-	-	-	309,894.00	(309,894.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-	-	-	349,098.90	(349,098.90)
TOTAL ON-BEHALF CONTRIBUTIONS		<u>-</u>	<u>-</u>	<u>-</u>	<u>658,992.90</u>	<u>(658,992.90)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS		<u>1,377,313.00</u>	<u>73,797.00</u>	<u>1,451,110.00</u>	<u>2,077,159.11</u>	<u>(626,049.11)</u>
TOTAL UNDISTRIBUTED EXPENDITURES		<u>7,617,990.00</u>	<u>(38,354.63)</u>	<u>7,579,635.37</u>	<u>7,812,769.74</u>	<u>(233,134.37)</u>
TOTAL GENERAL CURRENT EXPENSE		<u>12,235,902.00</u>	<u>(2,401.58)</u>	<u>12,233,500.42</u>	<u>12,374,323.01</u>	<u>(140,822.59)</u>
CAPITAL OUTLAY						
Equipment						
Special Education - Instruction:						
Undistributed Expenditures - School Admin.	000-240-730	-	\$ 9,600.00	\$ 9,600.00	\$ 9,579.35	\$ 20.65
Undistributed Expenditures - Operation of Plant Services	000-260-730	-	8,685.00	8,685.00	8,235.00	450.00
Total Equipment		<u>-</u>	<u>18,285.00</u>	<u>18,285.00</u>	<u>17,814.35</u>	<u>470.65</u>
Facilities Acquisition and Construction Services						
Construction Services	000-400-450	-	20,000.00	20,000.00	11,950.00	8,050.00
Total Facilities Acquisition and Construction Services		<u>-</u>	<u>20,000.00</u>	<u>20,000.00</u>	<u>11,950.00</u>	<u>8,050.00</u>
TOTAL CAPITAL OUTLAY		<u>-</u>	<u>38,285.00</u>	<u>38,285.00</u>	<u>29,764.35</u>	<u>8,520.65</u>
TOTAL EXPENDITURES		<u>12,235,902.00</u>	<u>35,883.42</u>	<u>12,271,785.42</u>	<u>12,404,087.36</u>	<u>(132,301.94)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures		<u>(256,784.00)</u>	<u>(35,883.42)</u>	<u>(292,667.42)</u>	<u>42,952.86</u>	<u>335,620.28</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)		<u>(256,784.00)</u>	<u>(35,883.42)</u>	<u>(292,667.42)</u>	<u>42,952.86</u>	<u>335,620.28</u>
Fund Balance, July 1		<u>826,382.21</u>	<u>-</u>	<u>826,382.21</u>	<u>826,382.21</u>	<u>-</u>
Fund Balance, June 30		<u>\$ 569,598.21</u>	<u>\$ (35,883.42)</u>	<u>\$ 533,714.79</u>	<u>\$ 869,335.07</u>	<u>\$ 335,620.28</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Other Financing Sources (Uses):						
Increase in Capital Reserve		\$ 25.00	-	\$ 25.00	\$ 25.00	-
Withdrawal from Capital Reserve		-	(35,883.42)	(35,883.42)	(35,883.42)	-
Adjustment for Prior Year Encumbrances		-	-	-	76,811.28	-
Budgeted Fund Balance		<u>(256,809.00)</u>	<u>-</u>	<u>(256,809.00)</u>	<u>76,811.28</u>	<u>335,620.28</u>
Total		<u>\$ (256,784.00)</u>	<u>\$ (35,883.42)</u>	<u>\$ (292,667.42)</u>	<u>\$ 42,952.86</u>	<u>\$ 335,620.28</u>
Analysis of Fund Balance June 30, 2010:						
Reserved:						
Encumbrances					\$ 38,608.65	
Excess Surplus (2%)					63,186.42	
Excess Surplus (2%) - Designated for Subsequent Year's Expenditures					70,305.90	
Emergency Reserve					50,000.00	
Capital Reserve Account					214,179.00	
Unreserved:						
Designated for Subsequent Year's Expenditures					149,230.10	
Undesignated					<u>283,825.00</u>	
					<u>\$ 869,335.07</u>	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:						
Fund Balance June 30, 2010					\$ 869,335.07	
Last Current Year State Aid Payment Not Realized on GAAP Basis					<u>(70,882.00)</u>	
					<u>\$ 798,453.07</u>	

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2010**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
REVENUES:					
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	165,000.00	183,339.00	348,339.00	264,335.88	84,003.12
Local Sources	<u>10,000.00</u>	<u>136,502.99</u>	<u>146,502.99</u>	<u>27,238.66</u>	<u>119,264.33</u>
Total Revenues	<u>175,000.00</u>	<u>319,841.99</u>	<u>494,841.99</u>	<u>291,574.54</u>	<u>203,267.45</u>
EXPENDITURES:					
Instruction					
Personal Services - Salaries		14,863.00	14,863.00	4,500.00	10,363.00
Purchased Professional and Technical Services		3,882.00	3,882.00	1,315.00	2,567.00
Other Purchased Services (400-500 series)		211,328.00	211,328.00	205,024.40	6,303.60
General Supplies	10,000.00	57,638.00	67,638.00	40,303.12	27,334.88
Other Objects	-	<u>118,316.97</u>	<u>118,316.97</u>	-	<u>118,316.97</u>
Total Instruction	<u>10,000.00</u>	<u>406,027.97</u>	<u>416,027.97</u>	<u>251,142.52</u>	<u>164,885.45</u>
Support Services					
Personal Services - Salaries		3,563.00	3,563.00	3,563.00	-
Personal Services - Employee Benefits		1,408.00	1,408.00	271.00	1,137.00
Purchased Professional and Technical Services	9,000.00	26,100.00	35,100.00	12,209.00	22,891.00
Purchased Professional - Educational Services	-	9,624.00	9,624.00	-	9,624.00
Other Purchased Services (400-500 series)	155,000.00	(151,891.00)	3,109.00	3,109.00	-
Supplies & Materials	<u>1,000.00</u>	<u>(123.98)</u>	<u>876.02</u>	<u>876.02</u>	<u>-</u>
Total Support Services	<u>165,000.00</u>	<u>(111,319.98)</u>	<u>53,680.02</u>	<u>20,028.02</u>	<u>33,652.00</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment	-	<u>25,134.00</u>	<u>25,134.00</u>	<u>20,404.00</u>	<u>4,730.00</u>
Total Facilities Acquisition and Construction Servi	<u>-</u>	<u>25,134.00</u>	<u>25,134.00</u>	<u>20,404.00</u>	<u>4,730.00</u>
Total Expenditures	<u>175,000.00</u>	<u>319,841.99</u>	<u>494,841.99</u>	<u>291,574.54</u>	<u>203,267.45</u>
Total Outflows	<u>\$ 175,000.00</u>	<u>\$ 319,841.99</u>	<u>\$ 494,841.99</u>	<u>\$ 291,574.54</u>	<u>\$ 203,267.45</u>

**NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION**

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended

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

	<u>Exhibit</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1 & C-2]	\$ 12,447,040.22	\$ 291,574.54
Difference - budget to GAAP:			
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense in accordance with GASB 33.		(20,943.00)	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		-	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 12,426,097.22</u>	<u>\$ 291,574.54</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1 & C-2]	\$ 12,404,087.36	\$ 291,574.54
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.		-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 12,404,087.36</u>	<u>\$ 291,574.54</u>

OTHER SUPPLEMENTARY INFORMATION

SECTION D
SCHOOL LEVEL SCHEDULES

SECTION E
SPECIAL REVENUE FUND

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

		<u>Total</u>	<u>Federal Aid</u>	<u>Local Aid</u>
REVENUES				
Federal Sources		\$ 264,335.88	\$ 264,335.88	\$ -
Local Sources		<u>27,238.66</u>	<u>-</u>	<u>27,238.66</u>
Total Revenues		<u>291,574.54</u>	<u>264,335.88</u>	<u>27,238.66</u>
EXPENDITURES:				
Instruction:				
Personal Services - Salaries	100-100	4,500.00	4,500.00	-
Purchased Professional and Technical Services	100-300	1,315.00	-	1,315.00
Other Purchased Services (400-500 series)	100-500	205,024.40	191,029.40	13,995.00
General Supplies	100-600	<u>40,303.12</u>	<u>29,250.48</u>	<u>11,052.64</u>
Total Instruction		<u>251,142.52</u>	<u>224,779.88</u>	<u>26,362.64</u>
Support Services:				
Personal Services - Salaries	200-100	3,563.00	3,563.00	-
Personal Services - Employee Benefits	200-200	271.00	271.00	-
Purchased Professional and Technical Services	200-300	12,209.00	12,209.00	-
Other Purchased Services (400-500 series)	200-500	3,109.00	3,109.00	-
Supplies and Materials	200-600	<u>876.02</u>	<u>-</u>	<u>876.02</u>
Total Support Services		<u>20,028.02</u>	<u>19,152.00</u>	<u>876.02</u>
Total Expenditures		<u>\$ 291,574.54</u>	<u>\$ 264,335.88</u>	<u>\$ 27,238.66</u>

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Special Revenue Fund

Combining Schedule of Federal Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Total	N.C.L.B.		I.D.E.A. Part B	
		Title II	Title IV	Basic	Preschool
REVENUES					
Federal Sources	\$ 264,335.88	\$ 9,624.00	\$ 924.00	\$ 246,238.22	\$ 7,549.66
Total Federal Revenues	<u>264,335.88</u>	<u>9,624.00</u>	<u>924.00</u>	<u>246,238.22</u>	<u>7,549.66</u>
EXPENDITURES:					
Instruction:					
Personal Services - Salaries	4,500.00	-	-	4,500.00	-
Other Purchased Services (400-500 series)	191,029.40	-	-	191,029.40	-
General Supplies	29,250.48	-	924.00	24,920.82	3,405.66
Total Instruction	<u>224,779.88</u>		<u>924.00</u>	<u>220,450.22</u>	<u>3,405.66</u>
Support Services:					
Personal Services - Salaries	3,563.00	-	-	-	3,563.00
Personal Services - Employee Benefits	271.00	-	-	-	271.00
Purchased Professional and Technical Services	12,209.00	9,624.00	-	2,275.00	310.00
Other Purchased Services (400-500 series)	3,109.00	-	-	3,109.00	-
Total Support Services	<u>19,152.00</u>	<u>9,624.00</u>	<u>-</u>	<u>5,384.00</u>	<u>4,144.00</u>
Facilities Acquisition and Const. Serv.:					
Instructional Equipment	20,404.00	-	-	20,404.00	-
Total Facilities Acquisition and Const. Serv.	<u>20,404.00</u>	<u>-</u>	<u>-</u>	<u>20,404.00</u>	<u>-</u>
Total Expenditures	<u>\$ 264,335.88</u>	<u>\$ 9,624.00</u>	<u>\$ 924.00</u>	<u>\$ 246,238.22</u>	<u>\$ 7,549.66</u>

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Special Revenue Fund
Combining Schedule of Local Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

		<u>Total</u>	<u>Local</u>
REVENUES			
Local Sources		\$ 27,238.66	\$ 27,238.66
Total Local Revenues		<u>27,238.66</u>	<u>27,238.66</u>
 EXPENDITURES:			
Instruction:			
Purchased Professional and Technical Services	100-300	1,315.00	1,315.00
Other Purchased Services (400-500 series)	100-500	13,995.00	13,995.00
General Supplies	100-600	<u>11,052.64</u>	<u>11,052.64</u>
Total Instruction		<u>26,362.64</u>	<u>26,362.64</u>
 Support Services:			
Supplies & Materials	200-600	<u>876.02</u>	<u>876.02</u>
Total Support Services		<u>876.02</u>	<u>876.02</u>
 Total Expenditures		 <u>\$ 27,238.66</u>	 <u>\$ 27,238.66</u>

SECTION F
CAPITAL PROJECTS FUND

SECTION G
PROPRIETARY FUNDS

ENTERPRISE FUND

INTERNAL SERVICE FUND

SECTION H
FIDUCIARY FUND

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010**

<u>Schools</u>	<u>Balance June 30, 2009</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2010</u>
Elementary Schools:				
Ho-Ho-Kus Elementary	\$ 9,883.54	\$ 69,872.34	\$ 66,836.24	\$ 12,919.64
Athletic Account	0.52	6,915.92	6,846.43	70.01
Sunshine Account	1,503.47	1,093.89	1,450.00	1,147.36
Bergen Brain Busters	2,336.12	918.28	1,448.60	1,805.80
Library	<u>2,000.82</u>	<u>10,616.46</u>	<u>9,069.70</u>	<u>3,547.58</u>
	<u>\$ 15,724.47</u>	<u>\$ 89,416.89</u>	<u>\$ 85,650.97</u>	<u>\$ 19,490.39</u>

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2010</u>
Payroll Deductions and Withholdings	\$ -	\$ 6,521,367.15	\$ 6,521,367.15	\$ -
Net Salaries and Wages	-	3,874,747.78	3,874,747.78	-
Interfund Accounts Payable	-	1,060.07	1,060.07	-
	<u>\$ -</u>	<u>\$ 10,397,175.00</u>	<u>\$ 10,397,175.00</u>	<u>\$ -</u>

SECTION I
LONG – TERM DEBT

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
Long - Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2010**

Purpose	Date of Issue	Amount of Issue	Annual Maturities of Bonds Outstanding June 30, 2010			Balance June 30, 2009	Retired Current Year	Balance June 30, 2010
			Date	Amount	Interest Rate			
Additions and Renovations to Elementary School	1/1/1999	\$ 3,800,000.00	1/1/2011	110,000.00	4.000%	\$ 3,130,000.00	\$ 110,000.00	\$ 3,020,000.00
			1/1/2012	115,000.00	4.000%			
			1/1/2013	120,000.00	4.000%			
			1/1/2014	125,000.00	4.000%			
			1/1/2015	130,000.00	4.000%			
			1/1/2016	135,000.00	4.000%			
			1/1/2017	140,000.00	4.000%			
			1/1/2018	145,000.00	4.000%			
			1/1/2019	150,000.00	4.000%			
			1/1/2020	155,000.00	4.000%			
			1/1/2021	160,000.00	4.000%			
			1/1/2022	165,000.00	4.000%			
			1/1/2023	175,000.00	4.000%			
			1/1/2024	180,000.00	4.000%			
			1/1/2025	185,000.00	4.000%			
			1/1/2026	195,000.00	4.000%			
			1/1/2027	200,000.00	4.125%			
			1/1/2028	215,000.00	4.125%			
			1/1/2029	220,000.00	4.125%			
Additions and Renovations to Elementary School	12/1/2003	\$ 9,113,000.00	2/1/2011	290,000.00	3.800%	7,763,000.00	285,000.00	7,478,000.00
			2/1/2012	295,000.00	3.800%			
			2/1/2013	300,000.00	3.800%			
			2/1/2014	305,000.00	3.800%			
			2/1/2015	310,000.00	3.800%			
			2/1/2016	320,000.00	3.800%			
			2/1/2017	335,000.00	3.875%			
			2/1/2018	350,000.00	3.875%			
			2/1/2019	370,000.00	4.000%			
			2/1/2020	385,000.00	4.000%			
			2/1/2021	400,000.00	4.000%			
			2/1/2022	420,000.00	4.125%			
			2/1/2023	435,000.00	4.250%			
			2/1/2024	455,000.00	4.250%			
			2/1/2025	475,000.00	4.250%			
			2/1/2026	495,000.00	4.500%			
			2/1/2027	505,000.00	4.500%			
			2/1/2028	515,000.00	4.500%			
			2/1/2029	518,000.00	4.500%			
					-	-	-	
					<u>\$ 10,893,000.00</u>	<u>\$ 395,000.00</u>	<u>\$ 10,498,000.00</u>	

(1)- Additional Principal for Refunding Costs

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS
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>	Variance Final to <u>Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 740,222.00	\$ -	\$ 740,222.00	\$ 740,222.00	\$ -
State Sources:					
Debt Service Aid Type II	<u>82,652.00</u>	<u>-</u>	<u>82,652.00</u>	<u>82,652.00</u>	<u>-</u>
Total - State Sources	<u>82,652.00</u>	<u>-</u>	<u>82,652.00</u>	<u>82,652.00</u>	<u>-</u>
Total Revenues	<u>822,874.00</u>	<u>-</u>	<u>822,874.00</u>	<u>822,874.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	445,550.00	-	445,550.00	445,550.02	0.02
Redemption of Principal	<u>395,000.00</u>	<u>-</u>	<u>395,000.00</u>	<u>395,000.00</u>	<u>-</u>
Total Regular Debt Service	<u>840,550.00</u>	<u>-</u>	<u>840,550.00</u>	<u>840,550.02</u>	<u>0.02</u>
Total Expenditures	<u>840,550.00</u>	<u>-</u>	<u>840,550.00</u>	<u>840,550.02</u>	<u>0.02</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,676.00)	-	(17,676.00)	(17,676.02)	(0.02)
Fund Balance, July 1	<u>17,676.35</u>	<u>-</u>	<u>17,676.35</u>	<u>17,676.35</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 0.35</u>	<u>\$ -</u>	<u>\$ 0.35</u>	<u>\$ 0.33</u>	<u>\$ (0.02)</u>
Recapitulation of Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$ (17,676.00)</u>	<u>\$ -</u>	<u>\$ (17,676.00)</u>	<u>\$ (17,676.02)</u>	<u>\$ (0.02)</u>

STATISTICAL SECTION (Unaudited)

Financial Trends

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

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property
J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers
J-9	Property Tax Levies and Collections

Debt Capacity

J-10	Ratios of Outstanding Debt by Type
J-11	Ratios of Net General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt as of June 30
J-13	Legal Debt Margin Information

Demographic and Economic Information

J-14	Demographic and Economic Statistics
J-15	Principal Employers

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Required Maintenance for School Facilities
J-20	Insurance Schedule

Certain Exhibits do not contain ten years of information since GASBS No. 44 was implemented as of the fiscal year ending June 30, 2004.

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**

**Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)
Unaudited**

	Fiscal Year Ending June 30,					
	2010	2009	2008	2007	2006	2005
Governmental Activities						
Invested in Capital Assets, Net of Related Debt	\$ 5,345,758.12	\$ 5,374,590.77	\$ 5,445,691.77	\$ 5,359,727.15	\$ 5,198,972.47	\$ 26,167.33
Restricted	396,077.58	298,683.35	309,018.66	451,701.20	368,381.75	5,439,418.89
Unrestricted	132,090.50	211,558.39	171,141.10	160,032.30	133,377.24	93,573.40
Total Governmental Activities Net Assets	\$ 5,873,926.20	\$ 5,884,832.51	\$ 5,925,851.53	\$ 5,971,460.65	\$ 5,700,731.46	\$ 5,559,159.62
Business-Type Activities						
Invested in Capital Assets, Net of Related Debt	\$ 12,926.49	\$ 14,925.47	\$ 8,086.50	\$ 4,040.47	\$ 4,844.94	\$ 5,649.41
Restricted	7,476.39	-	-	-	-	-
Unrestricted	20,402.88	2,522.06	4,853.75	4,465.66	4,214.22	4,464.78
Total Business-Type Activities Net Assets	\$ 20,402.88	\$ 17,447.53	\$ 12,940.25	\$ 8,506.13	\$ 9,059.16	\$ 10,114.19
District-Wide						
Invested in Capital Assets, Net of Related Debt	\$ 5,358,684.61	\$ 5,389,516.24	\$ 5,453,778.27	\$ 5,363,767.62	\$ 5,203,817.41	\$ 31,816.74
Restricted	396,077.58	298,683.35	309,018.66	451,701.20	368,381.75	5,439,418.89
Unrestricted	139,566.89	214,080.45	175,994.85	164,497.96	137,591.46	98,038.18
Total District Net Assets	\$ 5,894,329.08	\$ 5,902,280.04	\$ 5,938,791.78	\$ 5,979,966.78	\$ 5,709,790.62	\$ 5,569,273.81

Source: District Records

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,					
	2010	2009	2008	2007	2006	2005
Business-Type Activities:						
Charges for Services						
Food Service	\$ 8,400.00	\$ 8,473.00	\$ 8,586.00	\$ 9,072.00	\$ 8,451.00	\$ 8,316.00
Operating grants and contributions	6,029.12	6,692.09	6,587.16	6,060.01	6,571.24	7,240.47
Total Business-Type Activities Program Revenues	14,429.12	15,165.09	15,173.16	15,132.01	15,022.24	15,556.47
Total District-Wide Program Revenues	\$ 1,955,729.40	\$ 2,081,181.33	\$ 2,202,078.03	\$ 2,201,312.06	\$ 1,950,111.10	\$ 1,938,440.19
Net (Expense)/Revenue						
Governmental Activities	\$ (11,610,151.79)	\$ (11,166,196.84)	\$ (10,818,953.81)	\$ (10,195,484.25)	\$ (9,811,486.76)	\$ (8,649,286.37)
Business-Type Activities	2,935.25	4,420.65	4,169.51	(838.58)	(1,222.65)	1,063.51
Total District-Wide Net Expense	\$ (11,607,216.54)	\$ (11,161,776.19)	\$ (10,814,784.30)	\$ (10,196,322.83)	\$ (9,812,709.41)	\$ (8,648,222.86)
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes:						
Property Taxes, Levied for General Purposes	\$ 10,639,521.98	\$ 10,230,310.00	\$ 9,836,837.00	\$ 9,458,497.00	\$ 9,108,621.00	\$ 8,194,917.00
Property Taxes, Levied for Debt Service Principal	384,036.48	376,129.31	425,761.15	361,336.49	284,996.08	335,000.00
Federal and State Aid Not Restricted	62,685.68	15,983.90	81,017.65	62,672.61	62,793.38	62,804.00
Tuition	410,246.58	439,903.59	447,335.55	455,321.80	376,708.64	72,061.25
Investment Earnings	2,681.20	3,898.40	44,763.93	56,571.17	65,630.79	174,459.26
Miscellaneous Income	100,073.56	58,952.63	69,229.43	71,813.80	54,308.98	50,554.30
Special Item - Proceeds from Refunding of 1999 Bonds	-	-	19,100.00	-	-	-
Total Governmental Activities	11,599,245.48	11,125,177.83	10,924,044.71	10,466,212.87	9,953,058.87	8,889,795.81
Business-Type Activities:						
Investment Earnings	20.10	86.63	264.61	285.55	167.62	84.84
Total Business-Type Activities	20.10	86.63	264.61	285.55	167.62	84.84
Total District-Wide General Revenues	\$ 11,599,265.58	\$ 11,125,264.46	\$ 10,924,309.32	\$ 10,466,498.42	\$ 9,953,226.49	\$ 8,889,880.65
Change in Net Assets						
Governmental Activities	\$ (10,906.31)	\$ (41,019.03)	\$ 105,090.88	\$ 270,728.62	\$ 141,572.11	\$ 240,509.44
Business-Type Activities	2,955.35	4,507.28	4,434.12	(553.03)	(1,055.03)	1,148.35
Total District-Wide Change in Net Assets	\$ (7,950.96)	\$ (36,511.75)	\$ 109,525.00	\$ 270,175.59	\$ 140,517.08	\$ 241,657.79

Source: District Records

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**

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

	2010	2009	2008	Fiscal Year Ending June 30, 2007	2006	2005
General Fund						
Reserved	\$ 436,279.97	\$ 220,880.73	\$ 245,009.59	\$ 520,757.31	\$ 327,081.30	\$ 450,510.20
Unreserved	362,173.10	555,562.48	497,383.46	387,238.13	309,912.56	260,101.90
Total General Fund	<u>\$ 798,453.07</u>	<u>\$ 776,443.21</u>	<u>\$ 742,393.05</u>	<u>\$ 907,995.44</u>	<u>\$ 636,993.86</u>	<u>\$ 710,612.10</u>
All Other Governmental Funds						
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 159,088.88	\$ 4,637,821.10
Unreserved, Reported In:						
Capital Projects Fund					2,782.87	422,461.79
Debt Service Fund	0.33	17,676.35	27,980.37	1,424.00	0.57	66,131.33
Total All Other Governmental Funds	<u>\$ 0.33</u>	<u>\$ 17,676.35</u>	<u>\$ 27,980.37</u>	<u>\$ 1,424.00</u>	<u>\$ 161,872.32</u>	<u>\$ 5,126,414.22</u>
Total Fund Balances						

Source: District Records

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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

	Fiscal Year Ending June 30,				
	2010	2009	2008	2007	2006
Revenues					
Tax Levy	\$ 11,379,743.98	\$ 10,982,256.00	\$ 10,613,558.00	\$ 10,239,908.00	\$ 9,828,243.00
Tuition Charges	410,246.58	439,903.59	447,335.55	455,321.80	376,708.64
Interest Earnings	2,681.20	3,898.40	44,763.93	56,571.17	65,630.79
Miscellaneous	127,312.22	95,188.77	118,076.90	86,450.75	82,845.73
State Sources	1,356,225.90	1,482,177.31	1,702,725.21	1,655,080.20	1,366,927.07
Federal Sources	264,335.88	167,770.00	165,390.00	159,061.00	167,792.50
Total revenues	13,540,545.76	13,171,194.07	13,091,849.59	12,652,392.92	11,888,147.73
Expenditures					
Instruction					
Regular	3,319,343.98	3,173,864.96	3,196,943.39	2,998,224.80	3,136,515.76
Special Education	1,075,586.13	1,019,606.59	938,338.78	903,805.27	797,751.86
School Sponsored/Other Instructional	417,765.68	363,926.78	335,791.60	301,896.62	286,846.63
Support Services:					
Tuition	2,887,319.00	2,927,584.90	2,552,600.25	2,421,071.08	2,569,987.56
Student and Instruction Related Services	1,006,731.51	1,000,558.89	932,658.46	839,366.28	779,790.93
School Administrative Services	445,182.56	437,764.70	488,220.74	480,222.68	457,242.17
General and Business Administrative Services	377,682.18	349,397.31	365,336.08	368,713.64	344,980.53
Plant Operations and Maintenance	745,115.25	802,397.01	799,085.02	766,987.58	687,412.56
Pupil Transportation	293,337.15	340,544.96	301,826.15	257,507.68	261,418.00
Employee Benefits	2,077,430.11	1,860,116.81	2,161,382.89	2,101,605.86	1,719,588.70
Capital outlay	50,168.35	30,795.00	321,727.62	234,514.41	5,012,899.41
Debt Service:					
Principal	395,000.00	380,000.00	400,000.00	355,000.00	345,000.00
Interest and Other Charges	445,550.02	460,190.02	456,084.63	512,923.76	526,873.76
Total Expenditures	13,536,211.92	13,146,747.93	13,249,995.61	12,541,839.66	16,926,307.87
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,333.84	24,446.14	(158,146.02)	110,553.26	(5,038,160.14)
					(6,707,446.18)

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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

	2010	2009	2008	Fiscal Year Ending June 30, 2007	2006	2005
	-	-	19,100.00			
	-	-	-	1,423.19	29,587.51	156,249.29
	-	-	-	(1,423.19)	(29,587.51)	(156,249.29)
	-	-	19,100.00	-	-	-
	\$ 4,333.84	\$ 24,446.14	\$ (139,046.02)	\$ 110,553.26	\$ (5,038,160.14)	\$ (6,707,446.18)

Other Financing Sources (Uses)

Refunding of 1999 Bonds
Transfers In
Transfers Out

Total Other Financing Sources (Uses)

Net Change in Fund Balances

Debt Service as a Percentage of
Noncapital Expenditures

6.23%

6.41%

6.62%

7.05%

7.32%

8.66%

Source: District Records

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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

Fiscal Year Ending June 30,	Donations	Rentals	Prior Year		Miscellaneous	Annual Totals
			Refunds			
2001	\$ 7,765.55	\$ 3,051.64	\$ 12,506.61		\$ 66,172.67	\$ 89,496.47
2002	54,418.12	7,944.96	11,209.84		39,174.86	112,747.78
2003	9,307.13	27,819.05	10,568.00		570,357.45	618,051.63
2004	1,968.00	32,483.25	2,456.62		111,631.71	148,539.58
2005	7,845.99	28,560.46	2,542.17		101,876.90	140,825.52
2006	300.00	38,914.69	3,355.88		424,040.33	466,610.90
2007	62,397.13	9,085.04	331.63		510,469.78	582,283.58
2008		51,202.76	6,339.80		503,786.35	561,328.91
2009		48,077.07	1,848.15		452,829.40	502,754.62
2010		51,925.02	4,454.48		456,621.84	513,001.34

Source: District Records

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended December 31,	Total Assessed Value				Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
	Vacant Land	Residential	Commercial	Industrial				
2001	\$ 6,730,900	\$ 598,297,000	\$ 37,932,000	\$ -	\$ 498,124	\$ 643,458,024	\$ 828,187,720	1.110
2002	5,533,700	608,284,200	37,932,000	-	500,196	652,250,096	827,810,628	1.164
2003	5,257,400	615,041,500	37,912,000	-	462,936	658,673,836	898,742,121	1.252
2004	5,478,700	619,422,700	37,758,000	-	406,196	663,065,596	988,408,058	1.390
2005	6,103,000	622,940,600	37,758,000	-	360,297	667,161,897	1,076,704,844	1.414
2006	13,258,500	1,283,832,800	41,253,400	18,142,200	536,287	1,357,023,187	1,191,582,228	0.728
2007	15,391,100	1,283,535,800	41,253,400	18,142,200	746,932	1,359,069,432	1,359,069,432	0.767
2008	15,088,500	1,287,431,000	41,253,400	18,142,200	798,679	1,362,713,779	1,362,713,779	0.791
2009	12,546,200	1,298,026,500	41,253,400	18,142,200	924,266	1,370,892,566	1,386,280,277	0.815
2010	12,546,200	1,300,365,800	40,688,700	18,142,200	867,045	1,372,609,945	1,372,609,945	0.850

Source: Municipal Tax Assessor

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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

Fiscal Year Ended December 31,	School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation		Municipality	County	Total Direct and Overlapping Tax Rate	
		Debt Service	Total Direct School Tax Rate				
2001	1.073	0.0370	1.110	0.652	0.288	2.050	
2002	1.152	0.0120	1.164	0.654	0.282	2.100	
2003	1.228	0.0240	1.252	0.689	0.289	2.230	
2004	1.390	0.0004	1.390	0.712	0.308	2.410	
2005	1.413	0.0014	1.414	0.739	0.317	2.470	
2006	0.728	0.0003	0.728	0.376	0.166	1.270	
2007	0.767	0.0003	0.767	0.394	0.179	1.340	
2008	0.791	0.0003	0.791	0.412	0.188	1.391	
2009	0.815	0.0003	0.815	0.431	0.195	1.441	
2010	0.850	0.0003	0.850	0.459	0.201	1.510	

Source: Municipal Tax Collector

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**

**Principal Property Taxpayers
Current Year and Ten Years Ago
Unaudited**

Fiscal Year Ended June 30,	2010		2000	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Taxpayer 1	\$ 18,142,200	1.32%	\$ 5,629,700	1.17%
Taxpayer 2	6,500,000	0.47%	3,177,500	0.66%
Taxpayer 3	5,673,200	0.41%	2,055,000	0.43%
Taxpayer 4	4,740,600	0.35%	1,700,000	0.35%
Taxpayer 5	4,045,700	0.29%	1,634,500	0.34%
Taxpayer 6	3,730,700	0.27%	1,465,500	0.30%
Taxpayer 7	3,558,500	0.26%	1,354,200	0.28%
Taxpayer 8	3,489,800	0.25%	1,218,000	0.25%
Taxpayer 9	3,278,000	0.24%	1,197,200	0.25%
Taxpayer 10	3,191,400	0.23%	1,177,000	0.24%
Taxpayer 11	3,181,300	0.23%	n/a	
Taxpayer 12	3,018,400	0.22%	n/a	
Taxpayer 13	2,970,900	0.22%	n/a	
Total	\$ 65,520,700	4.77%	\$ 20,608,600	4.27%

Source: Municipal Tax Assessor

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 12,202,377	\$ 12,067,018	98.89%	\$ 136,109	\$ 12,203,127	100.00%
2001	13,283,270	13,127,897	98.83%	156,433	13,284,330	100.00%
2002	13,757,160	13,647,616	99.20%	110,229	13,757,844	100.00%
2003	14,759,764	14,600,588	98.92%	154,329	14,754,916	99.96%
2004	16,046,517	15,925,905	99.24%	124,992	16,050,897	100.02%
2005	16,595,672	16,441,769	99.07%		16,441,769	99.07%
2006	17,282,796	17,122,524	99.07%		17,122,524	99.07%
2007	18,211,543	18,137,385	99.59%		18,137,385	99.59%
2008	18,955,349	18,728,340	98.80%	171,452	18,899,792	99.70%
2009	19,789,506	19,611,270	99.10%	163,944	19,775,214	99.92%

Source: Municipal Tax Collector

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2001	3,665,000	-	-	-	-	3,665,000	1.73%	902
2002	3,595,000	-	-	-	-	3,595,000	1.70%	884
2003	3,520,000	-	-	-	-	3,520,000	1.69%	869
2004	12,558,000	-	-	-	-	12,558,000	5.68%	3,108
2005	12,223,000	-	-	-	-	12,223,000	5.33%	3,037
2006	11,878,000	-	-	-	-	11,878,000	4.70%	2,961
2007	11,523,000	-	-	-	-	11,523,000	4.29%	2,882
2008	11,273,000	-	-	-	-	11,273,000	4.28%	2,899
2009	10,893,000	-	-	-	-	10,893,000	3.90%	2,720
2010	10,498,000	-	-	-	-	10,498,000	3.65%	2,621

Source: District Records

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2001	\$ 3,665,000		\$ 3,665,000	0.57%	\$ 902.04
2002	3,595,000		3,595,000	0.55%	884.38
2003	3,520,000		3,520,000	0.53%	868.71
2004	12,558,000		12,558,000	1.89%	3,107.65
2005	12,223,000		12,223,000	1.83%	3,036.77
2006	11,878,000		11,878,000	0.88%	2,960.62
2007	11,523,000		11,523,000	0.85%	2,882.19
2008	11,273,000		11,273,000	0.83%	2,898.69
2009	10,893,000		10,893,000	0.79%	2,719.85
2010	10,498,000		10,498,000	0.76%	2,621.22

Source: District Records

NOTE: 2006 Revaluation completed

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Direct and Overlapping Governmental Activities Debt
As of December 31, 2009
Unaudited

Net Direct Debt of School District as of December 31, 2009	\$ 10,893,000.00
Net Overlapping Debt of School District:	
Borough of Ho-Ho-Kus (100%)	\$ 6,831,422.00
County of Bergen - Borough's share (0.74%)	504,587,818.20
Northwest Bergen County Utilities Authority - Borough's share (5.69%)	<u>1,900,667.00</u>
	<u>513,319,907.20</u>
Total Direct and Overlapping Debt as of December 31, 2009	<u>\$ 524,212,907.20</u>

Source: Borough of Ho-Ho-Kus Chief Financial Officer and Bergen County Treasurer's
Office and Northwest Bergen County Utility Authority.

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**

**Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited**

Legal Debt Margin Calculation for Fiscal Year 2009

Equalized valuation basis	
2007	1,367,209,361
2008	1,377,202,043
2009	1,399,783,693
	<u>\$ 4,144,195,097</u>
Average equalized valuation of taxable property	<u>\$ 1,381,398,366</u>
Debt limit (4 % of average equalization value)	55,255,935
Total Net Debt Applicable to Limit	10,498,000
Legal debt margin	<u>\$ 44,757,935</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>	
Debt Limit	\$ 20,460,133	\$ 21,883,423	\$ 23,303,454	\$ 25,650,251	\$ 28,513,860	\$ 32,136,919	\$ 35,721,154	\$ 38,717,246	\$ 40,821,697	
Total Net Debt Applicable to Limit	<u>3,665,000</u>	<u>3,595,000</u>	<u>3,520,000</u>	<u>12,558,000</u>	<u>12,223,000</u>	<u>11,878,000</u>	<u>11,523,000</u>	<u>11,273,000</u>	<u>10,893,000</u>	
Legal Debt Margin	<u>\$ 16,795,133</u>	<u>\$ 18,288,423</u>	<u>\$ 19,783,454</u>	<u>\$ 13,092,251</u>	<u>\$ 16,290,860</u>	<u>\$ 20,258,919</u>	<u>\$ 24,198,154</u>	<u>\$ 27,444,246</u>	<u>\$ 29,928,697</u>	
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.91%	16.43%	15.11%	48.96%	42.87%	36.96%	32.25%	29.12%	26.68%	

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

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2001	4,063	\$ 211,690,426	\$ 52,102	1.70%
2002	4,065	211,099,515	51,931	1.70%
2003	4,052	207,831,132	51,291	2.30%
2004	4,041	220,917,429	54,669	1.90%
2005	4,025	229,276,075	56,963	0.50%
2006	4,012	252,840,252	63,021	0.50%
2007	3,998	268,317,774	67,113	0.50%
2008	3,889	263,269,744	67,696	0.20%
2009	4,005	279,256,154	69,727	0.60%
2010	4,005 E	287,633,839	71,819	1.20%

Sources:

Population information provided by the NJ Dept of Labor and Workforce Development
 Personal income has been estimated based upon the municipal population and per capita personal income presented
 Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
 Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Principal Employers
Current Year and Nine Years Ago
Unaudited

Employer	2010		2001		Percentage of Total Municipal Employment
	Employees	Rank [Optional]	Employees	Rank [Optional]	
	0		0		0.00%

NOT AVAILABLE

Source: NOT AVAILABLE

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<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>
Instruction										
Regular	39	43	42	44	44	45	45.2	45.3	45.3	49.5
Special Education	4	4	5	5	5	12	13.2	15.2	15.7	17.1
Support Services:										
Student and Instruction Related Services	7.6	7.8	10	11.7	14	13.4	13.5	13.5	15	16.7
School Administrative Services	2.4	3.2	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5
General and Business Administrative Services	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	3.8	3.8
Plant Operations and Maintenance	6	6	7	7	8	8	8	8	8	8
Total	<u>63.5</u>	<u>68.5</u>	<u>71.9</u>	<u>75.6</u>	<u>78.9</u>	<u>86.3</u>	<u>87.8</u>	<u>89.9</u>	<u>91.3</u>	<u>98.6</u>

Source: District Records

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School						
2001	564	\$ 5,588,065	\$9,907.92	3.32%	43	13.12	N/A	N/A	564.0	536.0	0.71%	95.04%	
2002	606	5,849,167	9,652.09	-2.58%	47	12.89	N/A	N/A	606.0	579.0	7.45%	95.54%	
2003	598	6,233,192	10,423.40	7.99%	47	12.72	N/A	N/A	588.0	565.0	-2.97%	96.09%	
2004	615	6,707,513	10,906.53	4.64%	49	12.68	N/A	N/A	615.0	592.0	4.59%	96.26%	
2005	621	7,090,063	11,417.17	4.68%	49	12.80	N/A	N/A	621.0	591.0	0.98%	95.17%	
2006	651	7,878,709	12,102.47	6.00%	51	12.85	N/A	N/A	651.0	623.0	4.83%	95.70%	
2007	668	8,418,591	12,602.68	4.13%	51	13.10	N/A	N/A	668.0	642.0	2.61%	96.11%	
2008	669	8,539,043	12,763.89	1.28%	51	13.12	N/A	N/A	669.0	641.0	0.15%	95.81%	
2009	662	8,749,216	13,216.34	3.54%	51	12.98	N/A	N/A	662.0	636.0	-1.05%	96.07%	
2010	673	9,198,234	13,667.51	3.41%	54	12.46	N/A	N/A	673.0	645.8	1.66%	95.96%	

Source: District Records

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

School Building Information
Last Ten Fiscal Years
Unaudited

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
District Building										
Elementary										
Ho-Ho-Kus Elementary (1936)	72808	76163	76163	76163	76163	104503	104503	104503	104503	104503
Square Feet	590	630	630	630	630	800	800	800	800	800
Capacity (students)	564	606	598	615	621	651	668	668	662	680
Enrollment										

Number of Schools at June 30, 2006
Elementary = 1 {PreK/Eighth Grade}

Source: District Records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the average daily enrollment.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

General Fund
Schedule of Required Maintenance for School Facilities
Last Nine Fiscal Years
Unaudited

Undistributed Expenditures--Required
Maintenance for School Facilities
11-000-261-xxx

*School Facility	Gross Building Area (SF)	2010	2009	2008	2007	2006	2005	2004	2003	2002
Ho-Ho-Kus Elementary School	104,503	\$ 97,969	\$ 86,861	\$ 122,712	\$ 86,259	\$ 74,391	\$ 66,129	\$ 80,639	\$ 65,188	\$ 47,938
District Total	104,503	\$ 97,969	\$ 86,861	\$ 122,712	\$ 86,259	\$ 74,391	\$ 66,129	\$ 80,639	\$ 65,188	\$ 47,938

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

Source: District Records

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**

**Insurance Schedule
As of June 30, 2010
Unaudited**

	<u>LIMITS</u>	<u>DEDUCTIBLE</u>	
Selective Way Insurance Company			
Package Policy:			
Blanket Real and Personal Property	Scheduled		
Earthquake	\$ 5,000,000.00	\$ 50,000.00	
Flood	5,000,000.00	50,000.00	
Computer Equipment	2,500,000.00		
Demolition/Incr Cost of Construction	2,000,000.00		
Boiler and Machinery	250,000.00		
Crime Coverage:			
Public Employee Dishonesty-Per Employee	100,000.00	5,000.00	
Public Employee Dishonesty-Per Loss	400,000.00		
Forgery or Alteration	50,000.00	1,000.00	
General Liability-Per Occurance	1,000,000.00		
General Liability-Aggregate	2,000,000.00		
Automobile	1,000,000.00	1,000.00	Comp.
		1,000.00	Collision
Educators Legal Liability	1,000,000.00		
American Safety and Casualty Insurance Co.:			
Environmental Impairment	3,000,000.00	15,000.00	
Star Insurance Company:			
Workers Compensation Coverage	1,000,000.00		
Fireman's Fund Insurance Company:			
Commercial Umbrella	50,000,000.00		
Bollinger Insurance:			
Student Accident Insurance	Scheduled		
Ohio Casualty Insurance Co.:			
Board Secretary/Business Administrator	2,000.00		
Treasurer of School Monies	225,000.00		

Source: District Records

SINGLE AUDIT SECTION



VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

K-1
Sheet 1

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”

The Honorable President
Members of the Board of Education
Borough of Ho-Ho-Kus School District
County of Bergen, New Jersey

We have audited the basic financial statements of the Borough of Ho-Ho-Kus School District as of and for the year ended June 30, 2010, and have issued our report thereon dated August 30, 2010. 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 in compliance with audit requirements 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 Borough of Ho-Ho-Kus School District'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 Borough of Ho-Ho-Kus School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Ho-Ho-Kus School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is 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.

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Our consideration of the 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 an deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

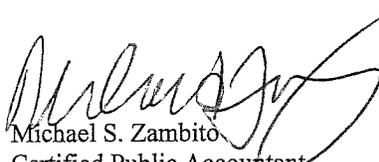
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Ho-Ho-Kus School District'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 Borough of Ho-Ho-Kus School District and the New Jersey Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Vincent M. Montanino
Registered Municipal Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

August 30, 2010



VM ASSOCIATES, INC.

Vincent M. Montanino, RMA, PSA
Michael S. Zambito, CPA, RMA
Antonia Russo, Associate

K-2
Sheet 1

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

The Honorable President
Members of the Board of Education
Borough of Ho-Ho-Kus School District
County of Bergen, New Jersey

Compliance

We have audited the compliance of the Borough of Ho-Ho-Kus School District 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 Compliance Manual State Grants Compliance Supplement that are applicable to each of its major state programs for the year ended June 30, 2010. Borough of Ho-Ho-Kus School District major state programs are identified in the Summary of Auditor's Results Section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Borough of Ho-Ho-Kus School District's management. Our responsibility is to express an opinion on Borough of Ho-Ho-Kus School District'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 Governmental Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey Office of Management and Budget Circular Letter 04-04 Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey's OMB's Circular Letter 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Ho-Ho-Kus School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough of Ho-Ho-Kus School District's compliance with those requirements.

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In our opinion, the Board of Education of the Borough of Ho-Ho-Kus School District, in the County of Bergen, State of New Jersey, complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the Borough of Ho-Ho-Kus School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Borough of Ho-Ho-Kus School District's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey's OMB's Circular Letter 04-04, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Ho-Ho-Kus School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Ho-Ho-Kus School District'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 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 reasonable possibility that material noncompliance with a type of compliance requirement of a state program that is more than inconsequential 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 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 Borough of Ho-Ho-Kus School District, 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 those specified parties.



Vincent M. Montanino
Public School Accountant
License No. CS000495



Michael S. Zambito
Certified Public Accountant
License No. 20CC00789500

August 30, 2010

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**

**Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2010**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA or Grant Number	Grant Period	Award Amount	Balance July 1, 2009	Adjustments	Cash Received	BUDGETARY EXPENDITURES		Repayment of Prior Years' Balances	Accounts Receivable	Balance June 30, 2010	Due to Grantor
							Disbursements	Accounts Payable				
U.S. Department of Agriculture Passed - Through State Department of Education:												
Special Milk Program	10.556	7/1/09-6/30/10	\$ 6,029.12	\$ -	\$ -	\$ 5,569.92	\$ 6,029.12	\$ -	\$ -	\$ (459.20)	\$ -	\$ -
Special Milk Program	10.556	7/1/08-6/30/09	6,692.09	(191.81)	-	191.81	-	-	-	-	-	-
Total U.S. Department of Agriculture				(191.81)	-	5,761.73	6,029.12	-	-	(459.20)	-	-
U.S. Department of Education Passed - Through State Department of Education:												
E.S.E.A. Title II A	84.367A	9/1/09-8/31/10	9,624.00			5,124.00	9,624.00			(4,500.00)		
E.S.E.A. Title II A	84.367A	9/1/08-8/31/09	10,069.00	(6,469.00)		6,469.00						
E.S.E.A. Title IV	84.186A	9/1/09-8/31/10	924.00				924.00			(924.00)		
E.S.E.A. Title IV	84.186A	9/1/08-8/31/09	974.00	(692.00)		692.00						
I.D.E.A. Part B, Basic	84.027A	9/1/09-8/31/10	155,442.00			155,442.00	155,442.00					
I.D.E.A. Part B, Basic	84.027A	9/1/08-8/31/09	152,928.00	(37,925.00)		37,925.00						
I.D.E.A. Part B, Preschool	84.173A	9/1/09-8/31/10	3,834.00				3,563.00			(3,834.00)		
ARRA-I.D.E.A. Part B	84.391	9/1/09-8/31/10	172,278.00			88,473.00	90,796.22	271.00		(83,805.00)	81,481.78	
ARRA- Preschool Grants	84.392	9/1/09-8/31/10	6,237.00			3,716.00	3,715.66			(2,521.00)	2,521.34	
Total U.S. Department of Education				(45,086.00)		297,841.00	284,064.88	271.00		(95,584.00)	84,003.12	
Total Federal Financial Assistance				\$ (45,277.81)		\$ 303,602.73	\$ 270,094.00	\$ 271.00		\$ (96,043.20)	\$ 84,003.12	\$ -

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

**BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS**

**Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2010**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2009	Adjustments	Cash Received	BUDGETARY EXPENDITURES		Repayment of Prior Years' Balances	Balance June 30, 2010 Accounts Receivable	Due to Deferred Revenue Grantor
							Disbursements	Accounts Payable Encumbrances			
								Total			
State Department of Education:											
General Funds:											
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	203,478.00	\$ -	\$ -	\$ 178,468.54	\$ 203,478.00	\$ -	\$ -	\$ (25,009.46)	\$ -
Transportation Aid	09-495-034-5120-014	7/1/09-6/30/09	148,569.00	(14,856.90)	-	14,856.90	-	-	-	-	-
Special Education Categorical Aid	09-495-034-5120-089	7/1/09-6/30/10	444,915.00	-	-	270,812.99	308,763.00	-	-	(37,950.02)	-
Special Education Categorical Aid	09-495-034-5120-089	7/1/09-6/30/09	468,835.00	(28,931.90)	-	28,931.90	-	-	-	-	-
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	64,458.00	(6,150.20)	-	56,535.48	64,458.00	-	-	(7,922.52)	-
Security Aid	09-495-034-5120-084	7/1/09-6/30/09	32,892.00	(6,150.20)	-	6,150.20	-	-	-	-	-
Extraordinary Aid	10-495-034-5120-044	7/1/09-6/30/10	54,597.00	(129,231.00)	-	129,231.00	54,597.00	-	-	(54,597.00)	-
Extraordinary Aid	09-495-034-5120-044	7/1/09-6/30/09	129,231.00	(129,231.00)	-	-	-	-	-	-	-
Non-Public Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	4,228.00	(6,494.89)	-	6,494.89	4,228.00	-	-	(4,228.00)	-
Non-Public Transportation Aid	09-495-034-5120-014	7/1/09-6/30/09	6,494.89	(6,494.89)	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contribution	10-495-034-5095-002	7/1/09-6/30/10	349,098.90	0.44	0.44	331,552.38	349,098.90	-	-	(17,546.08)	-
Reimbursed TPAF Social Security Contribution	09-495-034-5095-002	7/1/09-6/30/10	339,550.42	(17,256.54)	-	17,256.54	-	-	-	-	-
On-Behalf TPAF Pension Contributions	10-495-034-5095-001	7/1/09-6/30/10	309,894.00	-	-	309,894.00	309,894.00	-	-	-	-
On-Behalf TPAF Pension Contributions	09-495-034-5095-001	7/1/09-6/30/10	309,894.00	-	-	-	-	-	-	-	-
Total General Funds				(202,921.43)	0.44	1,350,184.81	1,294,516.90	-	-	(147,253.08)	-
Debt Service Funds:											
Debt Service Aid - State Support	07-495-034-5120-125	7/1/09-6/30/10	82,652.00	-	-	82,652.00	82,652.00	-	-	-	-
Total Debt Service Funds				-	-	82,652.00	82,652.00	-	-	-	-
Total All Funds				\$ (202,921.43)	\$ 0.44	\$ 1,432,836.81	\$ 1,377,168.90	\$ -	\$ -	\$ (147,253.08)	\$ -

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

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2010

Note 1: General

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state programs of the Borough of Ho-Ho-Kus Board of Education. The Board of Education is defined in Note I:B. to the Board's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2: Basis of Accounting

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

Note 3: Relationship to Basic Financial Statements

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

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

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

NOTES TO SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2010
(CONCLUDED)

Note 3: Relationship to Basic Financial Statements (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(20,943.00) for the general fund and \$0.00 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the GAAP basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$1,273,573.90	\$1,273,573.90
Special Revenue Fund	264,335.88	0.00	264,335.88
Debt Service Fund		82,652.00	82,652.00
Food Service Fund	<u>6,029.12</u>	<u> </u>	<u>6,029.12</u>
 Total Awards and Financial Assistance	 <u>\$270,365.00</u>	 <u>\$1,356,225.90</u>	 <u>\$1,626,590.90</u>

Note 4: Relationship to Federal and State Financial Reports

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

Note 5: Other

Revenues and expenditures reported 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 the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE 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___no |
| C) Noncompliance material to basic
financial statements noted? | _____yes | ___X___no |

Federal Awards Section

Not Applicable

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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

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

State Financial Assistance Section

D) Dollar threshold used to determine Type A Programs \$300,000.00

E) Auditee qualified as low-risk auditee? X yes ___ no ___ n/a

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 N.J, OMB Circular 04-04? ___ yes ___ X no

I) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>10-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>10-495-034-5095-002</u>	<u>Reimbursed TPAF Social Security</u>
<u>10-495-034-5095-001</u>	<u>On-Behalf TPAF Pension Contribution</u>
<u>_____</u>	<u>_____</u>

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of Government Auditing Standards.

Not Applicable

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

Part 3 – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

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

Not Applicable

BOARD OF EDUCATION
BOROUGH OF HO-HO-KUS

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

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

Not Applicable