

**REVISED
SCHOOL DISTRICT OF
MEDFORD LAKES BOROUGH**

MEDFORD LAKES BOARD OF EDUCATION
Medford Lakes, New Jersey
County of Burlington

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

MEDFORD LAKES BOROUGH BOARD OF EDUCATION

MEDFORD LAKES, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Prepared by

**Medford Lakes Borough Board of Education
Finance Department**

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INTRODUCTORY SECTION



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135 Mudjekeewis Trail
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October 16, 2010

Honorable President and
Members of the Board of Education
Medford Lakes Borough School District
County of Burlington
Medford Lakes, NJ 08055

Dear Board Members:

The comprehensive annual financial report of the Medford Lakes Borough 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 representation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes the transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes Management's Discussion and Analysis, basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Government and Non-Profit Organizations", and the state Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133, are included in the single audit section of this report.

- 1) **Reporting Entity and Its Services:** Medford Lakes Borough School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Medford Lakes Borough Board of Education and its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, as well as special education for handicapped youngsters. The District's average daily enrollment of 559 students is 7 more students than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years:

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>
2005/2006	550
2006/2007	533
2007/2008	534
2008/2009	552
2009/2010	559

The District is a constituent member of the Lenape Regional High School District. The District's students in grades 9 through 12 attend Shawnee High School located in Medford, New Jersey.

2) Economic Condition And Outlook:

Medford Lakes is 1.2 square miles of rustic beauty in Burlington County, NJ. Part of the Pinelands Preservation area, there are 22 lakes within this small area and hundreds of lakefront and lake view properties. Of the 1500 homes in Medford Lakes, over 150 are log cabins, giving Medford Lakes the highest concentration of log cabins in the world.

The Borough of Medford Lakes is experiencing a period of minimal development and little expansion that is expected to continue. The borough is also experiencing a period of moderate housing sales. The state and national economy are reflected in the employment base of the area.

The Borough is 99% residential. Commercial ratables are few and residential taxpayers carry the burden of paying for services. The Borough's tax rate is \$5.259 per \$100 of assessed property value (figures and statistics from 2009). The School District spending ratio shows that 79% of the revenue comes from local sources while only 11% of the revenue comes from state sources. The District's total revenue from state sources decreased by 3.82% over last year's level, yet has not kept pace with increasing costs to operate the District. State policies concerning school-funding levels continue to exert upward pressure on property taxes in the District. Over 50% of all state funding goes to approximately thirty school districts leaving most suburban school districts at "flat" funding levels. Currently various pieces of legislation along with Commissioner regulations are impeding local control and creating various funding hurdles while the state continues to promise to come up with a better funding equation to assist school districts. To date this has not occurred.

3) Major Initiatives

Educational: The Medford Lakes School District provides a full range of educational services appropriate to grade levels PK through 8 and as outlined in the New Jersey Core Curriculum Content areas. These include an integrated pre-school program for three and four year old handicapped children, a four-hour kindergarten program, computer assisted instruction the classroom as well as in the Library/Media Center, a Gifted and Talented program, special education programs for identified students, and a variety of extra-curricular clubs and sports activities. The goal of the Medford Lakes School District is to provide all children with a curriculum that includes a balance of enriching programs, skill development, and support systems. The goal of the instructional model is to create an

environment for students to enjoy the process of learning while acquiring the skills necessary for a lifetime of continuous learning.

The Medford Lakes curriculum is aligned with the New Jersey Core Curriculum Content Standards. At the Nokomis Pre-K-2 School, a strong emphasis is placed on literacy and mathematics. Students in grades K-2 are also provided instruction in art, music, library, physical education and technology literacy. In addition, grades 1 and 2 also receive instruction in world languages. The Neeta School houses grades 3-8. Students are exposed to a multifaceted well-balanced curriculum that prepares them for the requirements of New Jersey State Assessment of Skills and Knowledge. In addition to their core subjects and specials, students at the middle school receive instruction in study skills, character education, world languages, and related arts. Additionally, all students in grades 3-8 receive instruction in a variety of special subject areas, including art, music, physical education, technology education, and library. The district also provides for the "inclusion" of our special needs students in all our classrooms.

Students in grades one and two are evaluated throughout the school year utilizing several assessments including the following: DRA2 (Diagnostic Reading Assessment), district writing prompts, and Everyday Math assessments. Students in grades three through eight are assessed in the areas of math and language arts three times per school year using Learnia, a formative assessment tool and twice a year in the area of writing using district developed writing prompts. In addition students in grades 3-8 participate in annual testing using the New Jersey Assessment of Skills and Knowledge. The results of these assessments are analyzed by classroom teachers and district personnel to determine the students' strengths and weaknesses as well as patterns within grade levels/classrooms. The data is utilized to make adjustments in curriculum pacing, to plan professional development, and to set district instructional goals and objectives. Based on analyzed data Medford Lakes continues to fall within the category of a high performing school district and is proud of its students and staff.

During the school 2009-2010 year, the District and No Child Left Behind (NCLB) goals addressed areas of the New Jersey Core Curriculum Content Standards. All State approved District Goals were met and included the following:

- 1) Grade 1 and Grade 2 students were assessed in both the fall and spring by teachers using a diagnostic reading assessment called DRA 2
- 1) Grade 4 students concentrated on improving writing skills through a writer's workshop format

The 2009-2010 No Child Left Behind (NCLB) goals focused on both academic and social skills.

The goals were as follows:

- 1) Professional development in methods of teaching children with special and diverse learning needs for classroom teachers
- 1) Provide teachers and instructional staff the knowledge and skills to provide instruction and academic support for all learners

An analysis of the data for these goals was positive. There was participation and growth in all areas. Goals in the upcoming year will continue to focus on the academic and social needs of the students and professional development of the staff.

District Information: The overall responsibility for the education of the PK-8 children lies with the District's Board of Education. The Board is a Type II Board of Education, elected yearly. The New Jersey Department of Education classifies the Medford Lakes School District as District Factor I. The District

Factor Group is based on socio-economic status from A-J, with A being the lowest. The School District's budget failed in April of 2010 and was later approved by the Medford Lakes Borough Council with further reductions to appropriations creating an operating budget in the amount of \$6,423,553. The District's management team is comprised of a Superintendent, a Business Administrator/Board of Education Secretary, Principal, Director of Pupil Services and Supervisor of Buildings and Grounds. The District employs 54 professional staff members and 95 total employees who include secretaries, clerks, and full-time and part-time support staff personnel.

The District was successfully monitored during November 2008 by the State of New Jersey pursuant to N.J.S.A. 18A:7A-1 et seq., and N.J.A.C. 6A:30 et seq. This resulted in certification for a period of seven years. The District is certified until February 1, 2010. The monitoring process included a review of financial and curriculum data, interviews of staff members, inspection of facilities, and visits to the District's schools.

The District's Long-Range Facility Plan was submitted in July 2009 and is approved by the State of New Jersey Department of Education. This plan is a requirement of the Educational Facilities Construction and Financing Act, P.L. 2000, c.72, N.J.A.C. 6A:26-1.1 and the Facilities Efficiency Standards.

The District completed a major facility renovation program during the 2003-2004 school year. Renovations and upgrades were made to both District school buildings. The addition of a new multi-purpose room was also made to the Neeta School. The District is currently in the process of installing solar panels at Neeta School as part of a solar power purchase agreement.

The Medford Lakes School District receives additional financial support from community organizations. They include the Home and School Association, The Medford Lakes Education Foundation and the Athletic and Band Booster Clubs. These organizations provide the funds for many of our enriching programs and extracurricular activities.

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

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

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

- 5) **Budgetary Controls:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital

improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

- 6) **Accounting System And Reports:** The District's accounting records reflect generally accepted accounting principals, as promulgated by the Governmental Accounting Standards Board (GASB).

The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

- 7) **Financial Information At Fiscal Year End:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

- 8) **Debt Administration:** At June 30, 2010 the District's outstanding debt issues included \$4,120,000 of general obligation bonds.

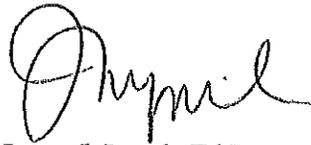
- 9) **Cash Management:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under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

- 10) **Risk Management:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The District is a member of the Burlington County Insurance Pool Joint Insurance Fund. Twenty-four school districts from Burlington, Gloucester, Camden and Mercer counties participate in this insurance pool.

- 11) **Information:** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman & Frenia, P.C. was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirement of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04. The auditor's report on the basic financial statements and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

- 12) **Acknowledgements:** We would like to express our appreciation to the members of the Medford Lakes Borough Board of Education for their continued support and high standards in providing fiscal accountability to the citizens and taxpayers of the Medford Lakes School District. The Board is also recognized for its vision and dedication to provide the highest quality education for its students. We express our appreciation for their dedication to the development and maintenance of the District's educational and financial operations. It must be noted that the preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff. Their efforts are therefore acknowledged and greatly appreciated.

Respectively submitted,



James J. Lynch, Ed.D.
Superintendent

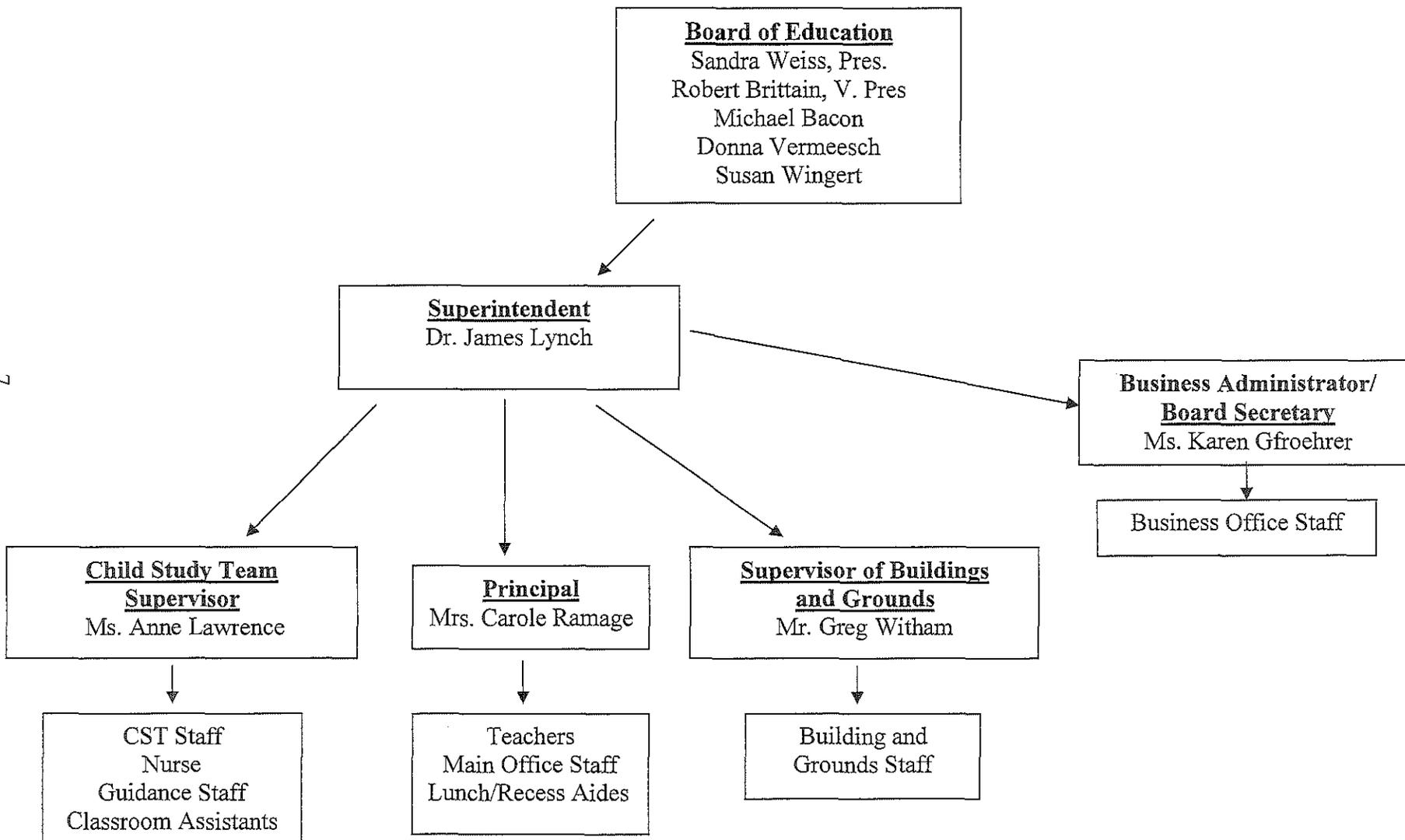


Karen Gfroehrer
Business Administrator/Board Secretary

MEDFORD LAKES SCHOOLS

Organizational Chart

2009-2010



**MEDFORD LAKES BOARD OF EDUCATION
135 MUDJEKEEWIS TRAIL
MEDFORD LAKES, NEW JERSEY 08055**

**ROSTER OF OFFICIALS
JUNE 30, 2010**

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
Sandra Weiss, President	2011
Robert Brittain, Vice President	2011
Michael A. Bacon	2012
Donna Vermeesch	2012
Susan Wingert	2013

OTHER OFFICIALS

Dr. James Lynch, Superintendent

Karen Gfroehrer, Business Administrator/Board Secretary

Carole Ramage, Principal

Mary E. Bakey, Treasurer

Frank P. Cavallo, Jr., Esq., Solicitor

MEDFORD LAKES BOARD OF EDUCATION
135 MUDJEKEEWIS TRAIL
MEDFORD LAKES, NEW JERSEY 08055

CONSULTANTS AND ADVISORS

AUDIT FIRM

Holman & Frenia, P. C.
Medford, New Jersey

SOLICITOR

Parker, McCay & Criscuolo
Mr. Frank Cavallo
Moorestown, New Jersey

CHIEF NEGOTIATOR

Mr. Bruce Taylor
Columbus, New Jersey

OFFICIAL DEPOSITORY

Beneficial Bank
Medford, New Jersey

FINANCIAL SECTION



Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Medford Lakes Borough School District
County of Burlington
Medford Lakes, New Jersey 08055

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Medford Lakes Borough School District, County of Burlington, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, 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 October 16, 2010, on our consideration of the Medford Lakes Borough Board of Education's internal control over financial reporting and 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 our audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis information and budgetary comparison information as listed in the table of contents is not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management

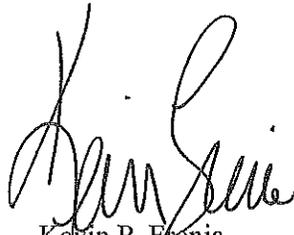
regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by U.S. Office of management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the 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.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia
Certified Public Accountant
Public School Accountant
No. 1011

Medford, New Jersey
October 16, 2010

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Management's Discussion and Analysis

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT
MEDFORD LAKES, NEW JERSEY**

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

UNAUDITED

The discussion and analysis of the Medford Lakes School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34-*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2009/2010) and the prior year (2008/2009) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2009/2010 are as follows:

- Notification was received that the final two payments of state aid to school districts would be delayed until the next fiscal year. The payment would be received no later than July 8, 2010. The amount of the delayed payment was \$122,007 in the General Fund revenues.
- Notification was received that state aid for the school district would be reduced for a total loss of revenue of \$76,840.
- Funds were set aside for the Maintenance Fund in the amount of \$20,000 and the Emergency Fund in the amount of \$20,000.
- In an effort to be proactive to increase revenue and reduce costs, the District has changed copier vendors, refunded bonds and entered into a shared services agreement with Washington Township. Additionally, the District has entered into a solar power purchase agreement thus adding solar to the Neeta School in an effort to curb electric costs.

Using This Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Medford Lakes School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at the financial activities of each fund. In addition, this report also contains other supplementary and statistical information.

Reporting the School District as a Whole (Government-wide Financial Statements)

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and Statement of Activities provides information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental activities and business-type activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's individual funds with all funds presented. In the case of the Medford Lakes School District, the General Fund is by far the most significant fund. The governmental activities are mainly supported by taxes and intergovernmental revenues, while the business-type activities are intended to recover all or a significant portion of their costs through user fees and charges.

While this document contains all of the funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" The Statement of Net Assets and the Statement of Activities answers this question. The Statement of Net Assets includes all assets and liabilities, while the Statement of Activities shows the cost of program services and the charges for those services and the grants offsetting those services. They use the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the timing of the related cash is received or paid.

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

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

Governmental Activities — These activities report on the School District's programs and services including instruction, support services, operation and maintenance of plant facilities, pupil transportation, extracurricular activities, grant programs, and capital outlay. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and the Debt Service Fund.

Business Type Activities — These activities provide for a charge for goods or services to recover the expenses of the goods and services provided. The Milk Service operation is reported here.

Reporting the School District's Most Significant Funds Fund Financial Statements

Fund Financial Statements

Fund financial reports provide detailed information about the School District's activities that are segregated for specific activities or objectives. The School District uses many funds to account for a multitude of financial transactions. These funds are divided into three categories: Governmental, Proprietary and Fiduciary Funds.

Governmental Funds

The School District maintains four individual governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements. The School District adopts an annual appropriated budget for its general, special revenue and debt service funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found in Exhibits B-1 through B-3 of this report.

Proprietary Funds

The School District maintains one proprietary fund, which consists of one enterprise fund that reports on the milk service operation. This fund uses the same basis of accounting as business-type activities.

The basic proprietary fund financial statements can be found in Exhibits B-4 through B-6 of this report.

Fiduciary Funds

The School District's fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's activities. The accounting method used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found in Exhibits B-7 through B-8 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 to 53 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents statistical and single audit information and schedules relative to the School District and/or its serving community.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Net assets may serve over time as a useful indicator of government's financial position.

The District's financial position is the product of several financial transactions including the net results of

activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

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

Table 1
Net Assets

	Governmental Activities	Business- Type Activities	Total 2009	Governmental Activities	Business- Type Activities	Total 2010
Assets						
Current & Other Net Assets	607,199	46,785	653,984	854,459	54,557	909,016
Capital Assets, Net	6,407,011		6,407,011	6,241,969		6,241,969
Total Assets	7,014,210	46,785	7,060,995	\$7,096,428	54,557	7,150,985
Liabilities						
Long-Term Liabilities	4,699,535		4,699,535	4,656,652		4,656,652
Other liabilities						
Total Liabilities	4,699,535		4,699,535	\$4,656,652	0	4,656,652
Net Assets						
Invested in Capital Assets, Net of Debt	1,907,011		1,907,011	2,121,969		2,121,969
Restricted	281,904		281,904	152,989		152,989
Unrestricted	125,760	46,785	172,545	164,818	54,557	219,375
Total Net Assets	2,314,675	46,785	2,361,460	\$2,439,776	54,557	2,494,333

As noted earlier, the District's net assets may serve over time as a useful Indicator of a government's financial position. The largest portion of the District's net assets (85 percent) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide the educational programs; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations.

Table 2 shows changes in net assets for fiscal year 2010 as compared to fiscal year 2009.

Table 2
Changes in Net Assets

	2009			2010		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Revenues						
Program Revenues						
Charges for services	\$ -	\$ 12,248	\$ 12,248	\$ -	\$ 11,240	\$ 11,240
Operating grants and contributions	\$ 108,541	\$ 8,304	\$ 116,845	\$ 167,709	\$ 6,400	\$ 174,109
General revenues						
Property taxes	\$ 5,230,282		\$ 5,230,282	\$ 5,412,561		\$ 5,412,561
Grants and entitlements	\$ 1,577,014		\$ 1,577,014	\$ 1,609,848		\$ 1,609,848
Other	\$ 199,414	\$ 118	\$ 199,532	\$ 256,958	\$ 276	\$ 257,234
Total revenues	\$ 7,115,251	\$ 20,670	\$ 7,135,921	\$ 7,447,076	\$ 17,916	\$ 7,464,992
Program Expenses						
Instruction	3,085,075		\$ 3,085,075	3,271,125		\$ 3,271,125
Support services						
Pupils and instructional staff	908,448		\$ 908,448	844,276		\$ 844,276
General administration, school administration, business	597,195		\$ 597,195	624,289		\$ 624,289
Operations and maintenance of facilities						
	563,337		\$ 563,337	575,798		\$ 575,798
Pupil transportation	232,972		\$ 232,972	133,992		\$ 133,992
Unallocated benefits	1,295,937		\$ 1,295,937	1,441,070		\$ 1,441,070
Interest on debt	219,538		\$ 219,538	208,590		\$ 208,590
Food service		8,875	\$ 8,875		10,144	\$ 10,144
Other	259,225		259,225	222,835		222,835
Total expenses	7,161,727	8,875	7,170,602	7,321,975	10,144	7,332,119
Increase in net assets	\$ (46,476)	\$ 11,795	\$ (34,681)	\$ 125,101	\$ 7,772	\$ 132,873

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

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

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

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

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

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

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for the School District operations. Property taxes made up 73% of revenues for governmental activities for the Medford Lakes School District. Federal, state and local grants accounted for another 23% of revenues. The District's total governmental activities revenues were \$7,447,076 for the year ended June 30, 2010.

Business-Type Activities

Revenues for the District's business-type activity (milk program) were comprised of charges for services and federal and state reimbursements.

Business-type revenues exceeded expenditures by \$7,772.

Charges for services are amounts paid by patrons for daily milk service operations.

Federal and state operating grant revenues are for the reimbursement for milk.

The School District's Funds

Governmental funds (i.e. general fund, special revenue fund, capital projects fund, and debt service fund) presented in the fund-based statements, are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$7,445,409 and expenditures were \$7,438,176. The net change in overall fund balance for the year was \$7,233.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. Table 3 presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2010 and the amount and percentage of increases and decreases in relation to prior year revenues.

The increase in local revenue was due to a tax increase to fund the additional expenditures of the School District associated with an increase in higher operating costs and a minimal increase in state aid.

Federal and state revenues reflect an overall increase due to a reduction an influx of federal funding including NCLB and IDEA. The substantial portion is attributed to federal funding through the America Recovery and Reinvestment Act (ARRA).

Table 3
Revenues of the Governmental Funds

Revenues	Amount	Percent of Total	Increase/ (Decrease) from 2009	Percent of Increase/ (Decrease)
Local Sources	\$5,667,852	76.13%	\$238,156	4.39%
State Sources	1,469,194	19.73%	(107,820)	(6.84%)
Federal Sources	<u>308,363</u>	<u>4.14%</u>	<u>199,822</u>	<u>184.10%</u>
Total	<u>\$7,445,409</u>	<u>100.00%</u>	<u>\$330,158</u>	

Table 4 represents a summary of the combined general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2010, and the percentage of increases and decreases in relation to prior year amounts.

Table 4
Expenditures of the Governmental Funds

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2009</u>	<u>Percent of Increase/ (Decrease)</u>
Current:				
Instruction	\$3,271,125	44.0%	\$186,050	6.03%
Undistributed Expenditures	3,606,030	48.5%	8,141	.23%
Capital outlay	91,548	1.2%	22,531	32.65%
Debt Service	<u>469,473</u>	<u>6.3%</u>	<u>(1,502)</u>	<u>(.32%)</u>
 Total	 <u>\$7,438,176</u>	 <u>100%</u>	 <u>\$215,220</u>	

Changes in expenditures were the result of varying factors. The increase in Current – Instruction is attributed to the increase in staff and salaries of teachers and supplies. The increase Current-Undistributed expenditures is attributed to increases in employee benefits, increase in operations and maintenance of school facilities and increases in other non-instructional salaries. The increase in capital outlay expenditures is due to the purchase of a district vehicle.

GENERAL FUND BUDGETING HIGHLIGHTS

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

Over the course of the year, the District revised its General Fund budget as needed. Revisions in the budget were made to accommodate program changes and to prevent over-expenditures in specific line item accounts. Several of these significant revisions include expenditures for Instruction, Special Education and the Operation and Maintenance of Plant Facilities. The details of individual program budget revisions are reflected In Exhibit C-1 of the CAFR.

While the District’s final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a surplus of \$24,728.

- Local revenues were higher than expected due to an increase in interest earned and shared services agreement.
- State aid was reduced by \$76,840.

FUND BALANCES

Table 5 shows a comparison of the fund balances in each of the District's Governmental and Business-type activity funds.

The increase in General Fund fund balance, of \$186,050 is due to higher revenues and lower expenditures than anticipated as noted in general fund budgeting highlights above.

Table 5
Changes in Fund Balances

	<u>Fund Balances, June 30</u>		Difference
	2010	2009	
Governmental Funds			
General Fund	\$555,552	\$541,726	\$13,826
Special Revenue Fund			
Debt Service Fund	\$85	\$6,678	(\$6,593)
Business-type Activities:			
Milk Service Enterprise Fund	\$54,557	\$46,785	\$7,772

CAPITAL ASSETS

At the end of the fiscal year 2010, the School District had \$6,241,970 invested in land, buildings, furniture, equipment, and vehicles. Table 6 shows fiscal year 2010 balances compared to 2009.

Table 6
Capital Assets (Net of Depreciation) at June 30

	2010	2009	Difference
Buildings and improvements	\$12,712,086	\$12,689,886	\$22,200
Machinery and equipment	\$411,957	\$356,003	\$55,954
Subtotal	\$13,124,043	\$13,045,889	\$38,526
Accumulated Depreciation	(\$6,882,073)	(\$6,638,878)	(\$243,195)
TOTAL	\$6,241,970	\$6,407,011	(\$204,669)

Overall capital assets decreased by a net of \$204,669 from fiscal year 2009 to fiscal year 2010. This decrease represents the acquisition of capital assets and also the reduction in value of assets due to depreciation charges. For more detailed information, refer to the Notes to the Financial Statements.

DEBT ADMINISTRATION

In the governmental funds, at June 30, 2010, the School District had \$4,332,528 of outstanding debt. Of this amount \$94,195 is for compensated absences; and \$4,120,000 is from serial bonds outstanding from the 2002 and 2010 bond issues.

There was no debt outstanding in the business-type activities fund.

The District's credit rating as determined by Moody's continues to be AAA for general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue. The District's limit is 28.15 percent of its equalized valuation basis. The current debt limitation for the District is \$14,633,447, which is significantly in excess of the District's outstanding general obligation debt of \$4,120,000.

Additional information on the District's long-term debt can be found in notes 5 and 12 in the Notes to the Financial Statements.

For the Future

The Medford Lakes School District is in excellent financial condition presently. The School District is proud of its community support and involvement in the educational program. A major concern is the lack of state and federal revenues, which has resulted in increased property taxes.

The School District's budget has for many years experienced support from the community's voters. The Medford Lakes community has approved the District's seven of the last eight budgets.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Questions regarding this report or if additional information is needed, contact Ms. Karen Gfroehrer, School Business Administrator/Board Secretary, at the Medford Lakes School District, 135 Mudjekeewis Trail, Medford Lakes New Jersey 08055.

BASIC FINANCIAL STATEMENTS

A. District-Wide Financial Statements

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
STATEMENT OF NET ASSETS
JUNE 30, 2010
(With Comparative Totals for June 30, 2009)

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
			JUNE 30, 2010	JUNE 30, 2009
Cash & Cash Equivalents	\$517,599	21,719	539,318	568,593
Receivables, Net	97,842	32,838	130,680	85,390
Unamortized Loss on Refunding	168,513		168,513	
Unamortized Cost of Issuance	70,505		70,505	
Restricted Assets:				
Capital Reserve Account - Cash				1
Capital Assets, Net (Note 6)	6,241,969		6,241,969	6,407,011
Total Assets	7,096,428	54,557	7,150,985	7,060,995
LIABILITIES				
Accounts Payable	36,939		36,939	53,436
Accrued Interest Payable	25,302		25,302	26,185
Original Issue Premium	357,351		357,351	
Deferred Revenue	22,865		22,865	5,359
Noncurrent Liabilities (Note 7):				
Due Within One Year	285,000		285,000	260,000
Due Beyond One Year	3,929,195		3,929,195	4,354,555
Total Liabilities	4,656,652		4,656,652	4,699,535
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,121,969		2,121,969	1,907,011
Restricted For:				
Debt Service	(25,217)		(25,217)	(19,507)
Other Purposes	178,206		178,206	322,711
Unrestricted	164,818	54,557	219,375	151,245
Total Net Assets	\$2,439,776	54,557	2,494,333	2,361,460

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)		
						JUNE 30, 2010	JUNE 30, 2009	
Governmental Activities:								
Instruction:								
Regular	\$2,350,951		67,759	(2,283,192)		(2,283,192)	(2,205,118)	
Special Education	797,433			(797,433)		(797,433)	(713,836)	
Other Special Instruction	38,298			(38,298)		(38,298)	(35,676)	
Other Instruction	84,443			(84,443)		(84,443)	(72,739)	
Support Services & Undistributed Costs:								
Tuition	73,359			(73,359)		(73,359)	(206,721)	
Health Services	152,271			(152,271)		(152,271)	(143,930)	
Student & Instruction Related Services	536,484		99,950	(436,534)		(436,534)	(367,687)	
Educational Media Services/School								
Library	76,173			(76,173)		(76,173)	(116,546)	
Instructional Staff Training	5,989			(5,989)		(5,989)	(7,214)	
School Administrative Services	124,163			(124,163)		(124,163)	(153,274)	
General Administrative Services	299,899			(299,899)		(299,899)	(256,071)	
Plant Operations & Maintenance	575,798			(575,798)		(575,798)	(563,337)	
Pupil Transportation	133,992			(133,992)		(133,992)	(232,972)	
Business & Other Support Services	195,859			(195,859)		(195,859)	(183,650)	
Administration Information Technology	4,368			(4,368)		(4,368)	(4,200)	
Unallocated Benefits	1,441,070			(1,441,070)		(1,441,070)	(1,295,937)	
Interest on Long-Term Debt	208,590			(208,590)		(208,590)	(219,538)	
Decrease in Compensated Absences	(20,360)			20,360		20,360	(21,124)	
Unallocated Depreciation	243,195			(243,195)		(243,195)	(238,101)	

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS (MEMORANDUM ONLY)	
						JUNE 30, 2010	JUNE 30, 2009
Total Governmental Activities	7,321,975		167,709	(7,154,266)		(7,154,266)	(7,037,671)
Business-Type Activities:							
Food Service	10,144	11,240	6,400		7,496	7,496	11,677
Total Business-Type Activities	10,144	11,240	6,400		7,496	7,496	11,677
Total Primary Government	\$7,332,119	11,240	174,109	(7,154,266)	7,496	(7,146,770)	(7,025,994)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				\$4,949,681		4,949,681	4,759,309
Taxes Levied for Debt Service				462,880		462,880	470,973
Federal & State Aid Not Restricted				1,609,848		1,609,848	1,561,499
Miscellaneous Revenue				255,291	276	255,567	199,532
Amortization of Bond Premiums (Net of Costs and Losses)				1,667		1,667	
Total General Revenues, Special Items, Extraordinary Items & Transfers				7,279,367	276	7,279,643	6,991,313
Change In Net Assets				125,101	7,772	132,873	(34,681)
Net Assets - Beginning				2,314,675	46,785	2,361,460	2,396,141
Net Assets - Ending				\$2,439,776	54,557	2,494,333	2,361,460

See Accompanying Notes to Financial Statements

B. Fund Financial Statements

Governmental Funds

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010**

(With Comparative Totals for June 30, 2009)

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
				JUNE 30, 2010	JUNE 30, 2009
Cash & Cash Equivalents	\$571,922		85	572,007	548,246
Due From Other Funds	4,626			4,626	3,702
Receivables From Other Governments	15,985	81,857		97,842	58,953
Total Assets	\$592,533	81,857	85	674,475	610,901
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Overdraft		54,408		54,408	
Accounts Payable	\$5,347	3,219		8,566	29,970
Interfund Payable	31,634	1,365		32,999	27,168
Deferred Revenue		22,865		22,865	5,359
Total Liabilities	36,981	81,857		118,838	62,497
Fund Balances:					
Reserved for:					
Encumbrances	51,746			51,746	47,024
Excess Surplus - Designated for Subsequent Year's Expenditures	68,060			68,060	207,626
Excess Surplus	58,399			58,399	68,060
Capital Reserve Account	1			1	1
Emergency Reserve Account	35,017			35,017	15,017
Maintenance Reserve Account	35,000			35,000	15,000
Unreserved					
Designated for Subsequent Year's Expenditures	175,656		85	175,741	45,000
Undesignated	131,673			131,673	150,676
Total Fund Balances	555,552		85	555,637	548,404
Total Liabilities & Fund Balances	\$592,533	81,857	85		

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,124,042, and the accumulated depreciation is \$6,882,073.

6,241,969 6,407,011

Accrued interest payable is not recorded in the fund financial due to the fact that payable is not due in the current period.

(25,302) (26,185)

Unamortized loss on refunding, cost of issuance, original issue premium, and 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 Illustrative Note 5)

(4,332,528) (4,614,555)

Net assets of Governmental Activities

\$2,439,776 2,314,675

See Accompanying Notes to Financial Statements

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTALS (MEMORANDUM ONLY)	
				JUNE 30, 2010	JUNE 30, 2009
Revenues:					
Local Tax Levy	\$4,949,681		462,880	5,412,561	5,230,282
Miscellaneous	217,580	37,711		255,291	199,414
State Sources	1,468,372	822		1,469,194	1,577,014
Federal Sources	157,878	150,485		308,363	108,541
Total Revenues	6,793,511	189,018	462,880	7,445,409	7,115,251
Expenditures:					
Current:					
Regular Instruction	2,283,192	67,759		2,350,951	2,262,824
Special Education Instruction	797,433			797,433	713,836
Other Special Instruction	38,298			38,298	35,676
Other Instruction	84,443			84,443	72,739
Support Services & Undistributed Costs:					
Tuition	73,359			73,359	206,721
Health Services\Attendance Student & Instruction Related Services	152,271			152,271	143,930
Educational Media Services/ School Library	436,534	99,950		536,484	434,037
Instructional Staff Training	76,173			76,173	116,546
General Administrative Services	5,989			5,989	7,214
School Administrative Services	286,504			286,504	256,071
Plant Operations & Maintenance	124,163			124,163	153,274
Pupil Transportation	575,798			575,798	563,337
Business & Other Support Services	133,992			133,992	232,972
Administration Information Technology	195,859			195,859	183,650
Unallocated Benefits	4,368			4,368	4,200
	1,441,070			1,441,070	1,295,937
Debt Service:					
Principal			260,000	260,000	250,000
Interest			209,473	209,473	220,975
Capital Outlay	70,239	21,309		91,548	69,017
Total Expenditures	6,779,685	189,018	469,473	7,438,176	7,222,956
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	13,826		(6,593)	7,233	(107,705)
Net Change in Fund Balances	13,826		(6,593)	7,233	(107,705)
Fund Balance - July 1	541,726		6,678	548,404	656,109
Fund Balance - June 30	\$555,552	-	85	555,637	548,404

See Accompanying Notes to Financial Statements

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

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$7,233

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period:

Depreciation Expense	(\$243,195)	
Capital Outlays	<u>78,153</u>	(165,042)

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. 4,225,000

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

Loss on Refunding	170,886	
Cost of Issuance	71,498	
Original Issue Premiums	(362,384)	
Issuance of Refunding Bonds	<u>(3,845,000)</u>	(3,965,000)

Loss on the early extinguishments of debt, cost of issuance on refunding, and original issue premiums are recorded when incurred in the governmental funds but are deferred and recognized in the statement of activities over the life of the refunding:

Amortization of Loss on Refunding	(2,373)	
Amortization of Cost of Issuance	(993)	
Amortization of Original Issue Premiums	<u>5,033</u>	1,667

Net difference in accrued interest on bonds and capital leases is not recorded in the fund financial statements. 883

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 Fund, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); When the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Prior Year Compensated Absences	114,555	
Current Year Compensated Absences	<u>(94,195)</u>	20,360

Change in Net Assets of Governmental Activities \$125,101

See Accompanying Notes to Financial Statements

Proprietary Funds

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2010
(With Comparative Totals for June 30, 2009)

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2010	JUNE 30, 2009
Cash & Cash Equivalents	\$21,719	21,719	20,348
Accounts Receivable:			
Interfunds	31,634	31,634	25,803
Federal	1,204	1,204	634
Total Assets	54,557	54,557	46,785
NET ASSETS			
Unrestricted	54,557	54,557	46,785
Total Net Assets	\$54,557	54,557	46,785

See Accompanying Notes to Financial Statements

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2010	JUNE 30, 2009
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
Special Milk Program	\$11,240	11,240	12,248
Total Operating Revenues	11,240	11,240	12,248
Operating Expenses:			
Cost of Sales	10,144	10,144	8,875
Total Operating Expenses	10,144	10,144	8,875
Operating Income/(Loss)	1,096	1,096	3,373
Nonoperating Revenues/(Expenses):			
Federal Sources:			
Special Milk Program	6,400	6,400	8,304
Interest & Investment Revenue	276	276	118
Total Nonoperating Revenues/(Expenses)	6,676	6,676	8,422
Income/(Loss) Before Contributions & Transfers	7,772	7,772	11,795
Change in Net Assets	7,772	7,772	11,795
Total Net Assets - Beginning	46,785	46,785	34,990
Total Net Assets - Ending	\$54,557	54,557	46,785

See Accompanying Notes to Financial Statements

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2010
 (With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS	TOTALS (MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2010	JUNE 30, 2009
Cash Flows From Operating Activities:			
Receipts from Customers	\$11,240	11,240	12,248
Payments to Suppliers	(10,144)	(10,144)	(8,875)
Net Cash Provided/(Used) by Operating Activities	1,096	1,096	3,373
Cash Flows From Noncapital Financing Activities:			
Federal Sources	5,830	5,830	8,081
Interfunds Receivable	(5,831)	(5,831)	(8,079)
Net Cash Provided/(Used) by Noncapital Financing Activities	(1)	(1)	2
Cash Flows From Investing Activities:			
Interest & Dividends	276	276	118
Net Cash Provided/(Used) by Investing Activities	276	276	118
Net Increase/(Decrease) in Cash & Cash Equivalents	1,371	1,371	3,493
Balances - Beginning of Year	20,348	20,348	16,855
Balances - End of Year	\$21,719	21,719	20,348

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$1,096	1,096	3,373
Net Cash Provided/(Used) by Operating Activities	\$1,096	1,096	3,373

See Accompanying Notes to Financial Statements

Fiduciary Fund

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

ASSETS	PRIVATE PURPOSE					TOTALS (MEMORANDUM ONLY)			
	BOOSTER CLUB	SCHOLARSHIP	FLEXIBLE SPENDING TRUST	NEW JERSEY UNEMPLOYMENT TRUST	STUDENT ACTIVITY	AGENCY PAYROLL AGENCY	NET PAYROLL	JUNE 30, 2010	JUNE 30, 2009
Cash & Cash Equivalents	\$4,661	9,626	4,199	16,254	1,333	48,504	767	85,344	44,005
Interfund Receivable				13,719				13,719	5,612
Total Assets	4,661	9,626	4,199	29,973	1,333	48,504	767	99,063	49,617
LIABILITIES									
Accrued Salaries & Wages						33,791		33,791	1,710
Interfund Payable			1,500			14,713	767	16,980	7,949
Due to Student Groups					1,333			1,333	3,634
Total Liabilities			1,500		1,333	48,504	767	52,104	13,293
NET ASSETS									
Undesignated	4,661	9,626	2,699	29,973				46,959	36,324
Total Net Assets	\$4,661	9,626	2,699	29,973	-	-	-	46,959	36,324

See Accompanying Notes to Financial Statements

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	PRIVATE PURPOSE			TOTALS		
	BOOSTER CLUB	SCHOLARSHIP	FLEXIBLE SPENDING TRUST	UNEMPLOYMENT COMPENSATION TRUST FUND	(MEMORANDUM ONLY) JUNE 30, JUNE 30, 2010 2009	
ADDITIONS:						
Local Sources:						
Interest on Investments		60	28	182	270	564
Contributions			12,185	8,451	20,636	8,945
Total Operating Revenue		60	12,213	8,633	20,906	9,509
Total Additions		60	12,213	8,633	20,906	9,509
DEDUCTIONS:						
Scholarship Payments		200			200	200
Unemployment Remissions				344	344	5,800
Miscellaneous Expenditures			9,727		9,727	8,739
Total Deductions		200	9,727	344	10,271	14,739
Change in Net Assets		(140)	2,486	8,289	10,635	(5,230)
Net Assets - Beginning of the Year	\$4,661	9,766	213	21,684	36,324	41,554
Net Assets - End of the Year	\$4,661	9,626	2,699	29,973	46,959	36,324

See Accompanying Notes to Financial Statements

**MEDFORD LAKES BOROUGH
BOARD OF EDUCATION**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Medford Lakes Borough Board of Education have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 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 governmental entities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The District has implemented these standards for the fiscal year-ending June 30, 2004 with the implementation of GASB Statement 34, the District has prepared required supplementary information titled *Management’s Discussion and Analysis*, which precedes the basic financial statements.

Other GASB Statements are required to be implemented in conjunction with GASB Statement 34. Therefore, the District has implemented the following GASB Statements in the current fiscal year: Statement 33 – *Accounting and Financial Reporting for Nonexchange Transactions*; Statement 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement 37 - *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement 38 – *Certain Financial Statement Note Disclosures*; Statement 40 – *Deposit and Investment Risk Disclosures* and Statement 44 – *Economic Condition Reporting – The Statistical Section*.

The accompanying financial statements present the financial position of the District and the various funds and fund types, the results of operations of the District and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2010 and for the year then ended with comparative totals as of and for the year ended June 30, 2009 (Memorandum Only).

A. Reporting Entity:

The Medford Lakes Borough Board of Education is a Type II district located in the County of Burlington, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of 5 members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, vocational, as well as special education for handicapped youngsters. The operations of the District include two elementary schools located in Medford Lakes Borough. The Medford Lakes Borough Board of Education has an approximate enrollment at June 30, 2010 of 564 students.

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

- ◆ the organization is legally separate (can sue or be sued in their own name)
- ◆ the District holds the corporate powers of the organization
- ◆ the District appoints a voting majority of the organization’s board

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010**

Note 1. Summary of Significant Accounting Policies (continued):

- ◆ the District is able to impose its will on the organization
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District

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

B. District-Wide and Fund Financial Statements

The district-wide financial statements (the statement of net assets and the statement of activities) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

District-Wide Financial Statements – The governmental 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 when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010

Note 1. Summary of Significant Accounting Policies (continued):

Governmental Fund Financial Statements – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

D. Fund Accounting:

The accounts of the Medford Lakes Borough Board of Education are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

Governmental Funds

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

As required by the New Jersey Department of Education Medford Lakes Borough Board of Education 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.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010**

Note 1. Summary of Significant Accounting Policies (continued):

D. Fund Accounting (continued):

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

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

Capital Projects Fund - The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

Proprietary Fund

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

Enterprise - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

All Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010

Note 1. Summary of Significant Accounting Policies (continued):

Proprietary Fund (continued):

earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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

Food Service Fund:	
Equipment	15 Years
Light Trucks & Vehicle	8 Years
Heavy Trucks & Vehicle	8 Years

Fiduciary Fund

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity's own operating programs which includes private purpose trust funds and agency funds

Private Purpose Trust Funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains an Unemployment Trust Fund as a private purpose trust.

Agency Funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity's own operating programs. The District currently maintains Payroll funds and Student Activity Funds as Agency Funds

Agency Funds - Agency funds are used to account for the assets that the Medford Lakes Borough Board of Education holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

E. Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and private purpose trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010

Note 1. Summary of Significant Accounting Policies (continued):

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, private purpose trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

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

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and private purpose trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

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(m)1*. All budget amendments must be approved by School Board resolution.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010

Note 1. Summary of Significant Accounting Policies (continued):

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 budget, as detailed on Exhibit C-1, includes all amendments to the adopted budget, if any.

The following presents a reconciliation of the special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types:

Notes to Required Supplementary Information.
Budgetary Comparison Schedule

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary) “revenues” from the budgetary comparison schedules	\$6,804,413	\$212,146
Difference – Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(23,128)
State aid payment recognized for budgetary Purposes, not recognized for GAAP Purposes (net)	<u>(10,902)</u>	<u> </u>
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$6,793,511</u>	<u>\$189,018</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010**

Note 1. Summary of Significant Accounting Policies (continued):

	General Fund	Special Revenue Fund
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$6,779,685	\$212,146
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	<u> </u>	<u>(23,128)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	<u>\$6,779,685</u>	<u>\$189,018</u>

G. Encumbrances:

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

Open encumbrances in the special revenue fund for which the Medford Lakes Borough Board of Education has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

H. Cash, Cash Equivalents and Investments:

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

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010**

Note 1. Summary of Significant Accounting Policies (continued):

Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

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

I. Tuition Receivable/Payable

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

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2010, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2006-2007 have been established. According to the School District’s records, these amounts of adjustments are immaterial to the financial statements.

J. Inventories & Prepaid Expenses

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

Prepaid expenses, which benefit future periods, other than those recorded in the enterprise funds, are recorded as expenditure during the year of purchase. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2010.

K. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the Medford Lakes Borough Board of Education and that are due within one year.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010**

Note 1. Summary of Significant Accounting Policies (continued):

L. Fixed Assets:

General fixed assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Fixed assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated fixed assets are valued at their estimated fair market value on the date received. The general fixed assets acquired or constructed were valued by an independent appraisal company. General fixed assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General fixed assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Machinery and Equipment	3 – 20 Years
Building & Other Improvements	7 – 60 Years
Infrastructure	30 Years

M. Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2010 for such salaries.

N. 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 the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

O. Deferred Revenue

Deferred revenue in the general and special revenue funds represents cash, which has been received but not yet earned.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010**

Note 1. Summary of Significant Accounting Policies (continued):

P. Long-Term Obligations

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

Q. Fund Equity

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.

In accordance with State of New Jersey statutes, the fund balance to be utilized in the subsequent year budget is not legally restricted and therefore has been classified as fund balance designated for subsequent year's expenditures and is not reserved.

Note 2. Cash and Cash Equivalents and Investments

The District is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at June 30, 2010, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$624,662</u>
Total Deposits	<u>\$624,662</u>
Reconciliation of Statements of Net Assets:	
Governmental Funds	\$517,599
Enterprise Funds	21,719
Fiduciary Funds	<u>85,344</u>
Total Cash and Cash Equivalents	<u>\$624,662</u>

Custodial Credit Risk – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$772,101 at June 30, 2010. Of the bank balance \$257,021 was fully insured by depository insurance and \$515,080 was secured by a collateral pool held by the bank, but not in the District's name, as required by New Jersey statutes.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 2. Cash and Cash Equivalents and Investments (continued):

Investment Interest Rate Risk – The District has not formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investment held at June 30, 2010, are provided in the above schedule.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or 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 obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the School District is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment
- by the School District;
- Local Governments investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities.

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer. At June 30, 2010, all of the District's investments are with the Beneficial Bank.

Note 3. Governmental Unit Deposit Protection Act (GUDPA)

The District has deposited cash in 2010 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the District invests monies in certificates of deposits.

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The District should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

Note 4. Capital Reserve Account

The Medford Lakes Borough Board of Education established a capital reserve account by inclusion of \$1 on September 25, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriated additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The balance at June 30, 2010 in the Capital Reserve Account was \$1.

Note 5. Transfers to Capital Outlay

During the year ending June 30, 2010, the District transferred \$ -0- to the capital outlay accounts.

Note 6. Fixed Assets

The following schedule is a summarization of the general fixed assets for the fiscal year ended June 30, 2010:

	June 30, 2009	Additions	Deletions	June 30, 2010
Building & Improvements	\$12,689,886	\$ 22,200	\$ -	\$12,712,086
Machinery & Equipment	356,003	55,954		411,957
Subtotal	13,045,889	78,154		13,124,043
Accumulated Depreciation	(6,638,878)	(243,195)		(6,882,073)
Total	<u>\$ 6,407,011</u>	<u>\$(165,041)</u>	<u>\$ -</u>	<u>\$ 6,241,970</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

Note 7. Long-Term Debt

During the fiscal year ended June 30, 2010 the following changes occurred in liabilities reported in the General Long-Term Debt Account Group:

	Balance 6/30/09	Issued	Retired/ Adjustments	Balance 6/30/10	Due Within One Year
Compensated Absences	\$ 114,555		\$ (20,360)	\$ 94,195	
Bonds Payable	<u>4,500,000</u>	<u>\$3,845,000</u>	<u>(4,225,000)</u>	<u>4,120,000</u>	<u>\$285,000</u>
Total	<u>\$4,614,555</u>	<u>\$3,845,000</u>	<u>\$(4,245,360)</u>	<u>\$4,214,195</u>	<u>\$285,000</u>

A. Bonds Payable:

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

2002 Bonds

Description

On May 1, 2002, Medford Lakes Board of Education issued bonds in the amount of \$5,165,000 for the purpose of providing funds to finance a portion of a capital project and pay certain expenses incidental to the issuance and delivery of the bonds.

2010 Bonds

Description

The Board of Education issued Revenue Refunding Bonds, Series 2010, dated May 1, 2010 in the amount of \$3,845,000. The proceeds of this bond issue were used to advance refund certain callable maturities of the Board of Education's outstanding Series 2002 Bonds dated May 1, 2002. The Series 2002 Bonds were redeemed on May 1, 2010 at a redemption price of 100% of the principal amount thereof. The bonds included premiums of \$362,384 and expenses of \$71,498 resulting in a long term loss on the refunding \$170,886. The results of the refunding created an economic gain on the transaction with a net present value savings on interest expense of \$184,770.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010**

Note 7. Long-Term Debt (continued):

Principal and interest due on the total bonds outstanding is as follows:

Year-ending June 30,	Principal	Interest	Total
2011	\$ 285,000	\$ 163,559	\$ 448,559
2012	290,000	162,456	452,456
2013	305,000	150,856	455,856
2014	310,000	144,375	454,375
2015	320,000	135,075	455,075
2016-2020	1,775,000	474,825	2,249,825
2021-2022	<u>835,000</u>	<u>63,250</u>	<u>898,250</u>
Total	<u>\$4,120,000</u>	<u>\$1,294,396</u>	<u>\$5,414,396</u>

Note 8. Pension Plans

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

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

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010**

Note 8. Pension Plans (continued):

Vesting and Benefit Provisions - The vesting and benefit provisions of PERS are set by *N.J.S.A.43:15A* and *43.3B* and *N.J.S.A.18A:6C* for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

Significant Legislation – During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Contribution Requirements – The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010**

Note 8. Pension Plans (continued):

TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Excess Pension Asset Credit	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$53,325	\$ -	100%	\$53,325
6/30/09	50,031	-	100%	50,031
6/30/08	35,955	-	100%	35,955

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/10	\$223,752	100%	\$ -0-
6/30/09	205,248	100%	-0-
6/30/08	542,258	100%	-0-

During the year ended June 30, 2010 the State of New Jersey contributed \$223,752 to the TPAF for normal post-retirement benefits on behalf of the District. Also in accordance with *N.J.S.A. 18A:66-66* the State of New Jersey reimbursed the District \$258,483 for the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 9. Post-Retirement Benefits

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State Employees who retire after accumulating 25 years of credited service or on 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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010**

Note 9. Post-Retirement Benefits (continued):

employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

The Board of Education has an agreement with the former Superintendent of the School, which provides that he shall receive retirement, medical coverage for himself and his dependents, so long as he shall live. Benefits are currently being provided for the former Superintendent and his dependents under the Board provided Prescription Plan. The annual cost to the Board during the 2009-2010 school year was \$523,634. The Board funds these payments on an annual basis.

Note 10. Risk Management

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

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

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2009-2010	\$ 182	\$8,451	\$ 344	\$29,973
2008-2009	286	8,719	5,800	21,684
2007-2008	2,890	9,825	None	27,199

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010**

Note 11. Fund Balance Appropriated

General Fund – Of the \$555,552 General Fund fund balance at June 30, 2010, \$51,746 is reserved for encumbrances; \$68,060 is reserved for excess surplus designated for subsequent year’s expenditures; \$58,399 is reserved as excess surplus in accordance with *N.J.S.A. 18A:7F-7*; \$1 is reserved for the capital reserve account; \$35,017 is reserved as emergency reserve account; \$35,000 is reserved as maintenance reserve account; \$175,656 is unreserved designated for subsequent year’s expenditures and \$131,673 is unreserved for the General Fund.

Debt Service Fund – The Debt Service Fund fund has a fund balance at June 30, 2010 of \$85.

Note 12. Interfund Receivables and Payables

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 4,626	\$31,634
Special Revenue Fund		1,365
Proprietary Fund	31,634	
Trust & Agency Fund	<u>13,719</u>	<u>16,980</u>
Total	<u>\$49,979</u>	<u>\$49,979</u>

The Purpose of these interfunds were short-term borrowings.

Note 13. Deferred Compensation

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

Lincoln Investment	Equinvest	MetLife Company
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Note 14. 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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010**

Note 14. Compensated Absences (continued):

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 specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net assets under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2010 is \$94,195.

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

Note 15. Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

Note 16. Joint Insurance Fund

The District participates in the Burlington County Insurance Pool Joint Insurance Fund (BCIPJIF), public entity risk pool. Coverage under this joint plan offers workers' compensation, boiler and machinery, automobile liability, general liability, property, crime and school board legal liability coverage. The District is assessed for the contributions for those funds and is responsible for any reserve deficiencies.

No contingency provision has been made in these financial statements as no deficiencies occurred as of June 30, 2010 for the joint insurance pool.

Limits of coverage (including excess insurance coverage), per occurrence, are as follows:

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS (continued):
JUNE 30, 2010**

Note 16. Joint Insurance Fund (continued):

	Deductible	Coverage
Property, Inland Marine & Automobile		
Physical Damages	\$ 500	\$149,799,500
Boiler & Machinery	1,000	100,000,000
Crime	500	299,500
General & Automobile Liability	-0-	9,850,000
Workers' Compensation	-0-	Statutory
Educator's Legal Liability	-0-	10,000,000
Pollution Legal Liability	10,000	3,000,000

Note 17. Calculation of Excess Surplus

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2005, 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 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 \$58,399.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:											
Local Sources:											
Local Tax Levy	10-1210	\$4,949,681		4,949,681				4,759,309		4,759,309	
Miscellaneous	10-1XXX	187,223		187,223	217,580	30,357	218,250		218,250	180,705	(37,545)
Total Local Sources		5,136,904		5,136,904	5,167,261	30,357	4,977,559		4,977,559	4,940,014	(37,545)
State Sources:											
Categorical Special Education Aid	10-3132	285,089		285,089	285,089		267,773		267,773	267,773	
Equalization Aid	10-3176	870,109	(157,878)	712,231	660,899	(51,332)	847,509		847,509	826,192	(21,317)
Categorical Security Aid	10-3177	37,185		37,185	24,170	(13,015)	35,156		35,156	35,156	
Categorical Transportation Aid	10-3121	35,694		35,694	23,201	(12,493)	19,159		19,159	19,159	
Extraordinary Aid	10-3131						28,617		28,617	28,617	
Nonbudgeted:											
On-Behalf TPAF Pension Contributions					223,752	223,752				205,248	205,248
Reimbursed TPAF Social Security Contributions					258,483	258,483				251,172	251,172
Nonpublic Transportation Aid					3,680	3,680				5,103	5,103
Total State Sources		1,228,077	(157,878)	1,070,199	1,479,274	409,075	1,198,214		1,198,214	1,638,420	440,206
Federal Sources:											
Education State, Recovery Act	16-4520		151,994	151,994	151,994						
Government Services, Recovery Act	17-4521		5,884	5,884	5,884						
Total Federal Sources			157,878	157,878	157,878						
Total Revenues		6,364,981		6,364,981	6,804,413	439,432	6,175,773		6,175,773	6,578,434	402,661
Expenditures:											
Current Expense:											
Instruction - Regular Programs:											
Salaries of Teachers:											
Preschool/Kindergarten	11-110-100-101	115,717	641	116,358	116,358		130,082	(19,942)	110,140	110,140	
Grades 1 - 5	11-120-100-101	1,261,582	4,343	1,265,925	1,265,923	2	1,156,684	64,385	1,221,069	1,221,066	3
Grades 6 - 8	11-130-100-101	684,601	(7,544)	677,057	676,430	627	630,056	73,676	703,732	703,732	
Home Instruction:											
Salaries of Teachers	11-150-100-101	1,000	3,835	4,835	4,835		1,000	5,276	6,276	6,276	
Regular Programs - Undistributed Instruction:											
Purchased Professional -											
Educational Services	11-190-100-320						1,000	(198)	802	802	
Purchased Technical Services	11-190-100-340	27,262	2,139	29,401	29,401		25,800	(36)	25,764	24,863	901
Other Purchased Services	11-190-100-500	51,800	(256)	51,544	51,184	360	51,100	(7,851)	43,249	43,158	91
General Supplies	11-190-100-610	146,399	(31,323)	115,076	106,569	8,507	105,707	(21,155)	84,552	82,835	1,717
Textbooks	11-190-100-640	7,500	15,813	23,313	23,247	66	13,200	5,164	18,364	3,621	14,743
Other Objects	11-190-100-890	11,150	(759)	10,391	9,245	1,146	11,500	(797)	10,703	8,625	2,078

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Total Regular Programs - Instruction	2,307,011	(13,111)	2,293,900	2,283,192	10,708	2,179,233	(11,777)	2,167,456	2,115,633	51,823	
Special Education:											
Multiple Disabilities:											
Salaries of Teachers	11-212-100-101	6,032	(6,032)			182,003	(178,524)	3,479	3,479		
Other Salaries for Instruction	11-212-100-106	1,673	(1,673)			25,256	(24,457)	799	799		
General Supplies	11-212-100-610					2,575	(2,422)	153	153		
Other Objects	11-212-100-800					300	(300)				
Total Multiple Disabilities		7,705	(7,705)			210,134	(205,703)	4,431	4,431		
Resource Room/Resource Center:											
Salaries of Teachers	11-213-100-101	541,761	(38,531)	503,230	499,992	3,238	491,910	(6,668)	485,242	484,873	369
Other Salaries for Instruction	11-213-100-106	150,001	(649)	149,352	148,699	653	210,939	(69,307)	141,632	140,490	1,142
General Supplies	11-213-100-610	3,500	(2,239)	1,261	1,253	8	3,387	(3,298)	89	89	
Total Resource Room/Resource Center		695,262	(41,419)	653,843	649,944	3,899	706,236	(79,273)	626,963	625,363	1,600
Preschool Disabilities - Part Time:											
Salaries of Teachers	11-215-100-101	84,292	35,128	119,420	119,415	5	52,040	19,281	71,321	71,185	136
Other Salaries for Instruction	11-215-100-106	17,598	10,115	27,713	27,688	25	8,190	4,759	12,949	12,857	92
General Supplies	11-215-100-610	1,061	256	1,317	386	931	1,742	(1,537)	205	205	
Total Preschool Disabilities - Part Time		102,951	45,499	148,450	147,489	961	61,972	22,503	84,475	84,042	433
Total Special Education		805,918	(3,625)	802,293	797,433	4,860	978,342	(262,473)	715,869	713,836	2,033
Basic Skills/Remedial:											
Salaries of Teachers	11-230-100-101	37,973		37,973	37,655	318	42,762	(6,778)	35,984	35,676	308
General Supplies	11-230-100-610	2,026	(1,383)	643	643		3,250	(3,250)			
Total Basic Skills/Remedial		39,999	(1,383)	38,616	38,298	318	46,012	(10,028)	35,984	35,676	308

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
School Sponsored Cocurricular Activities - Instruction:										
Salaries	11-401-100-100	31,986	18,269	50,255	50,255	28,100	13,393	41,493	41,494	(1)
Supplies and Materials	11-401-100-600	1,500	(591)	909	909	2,000	715	2,715	439	2,276
Other Objects	11-401-100-800	100	(100)			100	944	1,044	1,044	
Total School Sponsored Cocurricular Activities		33,586	17,578	51,164	51,164	30,200	15,052	45,252	42,977	2,275
School Sponsored Athletics - Instruction:										
Salaries of Teachers	11-402-100-100	27,545	(2,797)	24,748	24,748	23,971		23,971	21,661	2,310
Miscellaneous Purchased Services	11-402-100-500	7,562	(4,740)	2,822	2,822	3,000	2,683	5,683	5,683	
Supplies and Materials	11-402-100-600	5,344	(2,216)	3,128	3,128	3,534	(120)	3,414	2,300	1,114
Other Objects	11-402-100-800	2,550	31	2,581	2,581	3,000	(2,563)	437	118	319
Total School Sponsored Athletics - Instruction		43,001	(9,722)	33,279	33,279	33,505		33,505	29,762	3,743
Total Instruction		3,229,515	(10,263)	3,219,252	3,203,366	15,886	3,267,292	(269,226)	2,998,066	2,937,884
Undistributed Expenditures:										
Instruction:										
Tuition to Private School for Disabled - Within State	11-000-100-566	129,837	(11,984)	117,853	73,359	44,494	164,020	47,800	211,820	206,721
Total Undistributed Expenditures - Instruction		129,837	(11,984)	117,853	73,359	44,494	164,020	47,800	211,820	206,721
Attendance & Social Work:										
Salaries	11-000-211-100	8,732	614	9,346	9,196	150	14,920	(6,216)	8,704	8,704
Purchased Professional - Technical Services	11-000-211-300	10,120	400	10,520	10,520	2,600	6,100	8,700	8,700	
Other Purchased Professional Services	11-000-211-500	500	(400)	100		100	500	(500)		
Supplies and Materials	11-000-211-600	100		100		100	100		100	100
Total Attendance & Social Work		19,452	614	20,066	19,716	350	18,120	(616)	17,504	17,404

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Health Services:											
Salaries	11-000-213-100	108,660	(2,307)	106,353	106,353		102,292	48	102,340	102,340	
Purchased Professional & Technical Services	11-000-213-300	39,700	(16,713)	22,987	22,851	136	5,800	20,083	25,883	21,031	4,852
Other Purchased Services	11-000-213-500	500	72	572	572		1,000	(592)	408	408	
Supplies and Materials	11-000-213-600	1,417	1,386	2,803	2,779	24	3,071	591	3,662	2,747	915
Total Health Services		150,277	(17,562)	132,715	132,555	160	112,163	20,130	132,293	126,526	5,767
Other Support Services - Students - Related Services:											
Salaries	11-000-216-100	50,019	1,291	51,310	51,310		46,218		46,218	46,218	
Salaries of Teachers	11-000-216-101							2,216	2,216	2,216	
Purchased Professional - Educational Services	11-000-216-320	13,165	15,829	28,994	28,994		23,000	(7,615)	15,385	13,323	2,062
Supplies and Materials	11-000-216-600	500	92	592	294	298	500	(49)	451	376	75
Other Objects	11-000-216-800						300	49	349	349	
Total Other Support Services - Students - Related Services		63,684	17,212	80,896	80,598	298	70,018	(5,399)	64,619	62,482	2,137
Other Support Services - Special Education Extraordinary Services:											
Purchased Professional - Educational Services	11-000-217-320						2,000	(752)	1,248		1,248
Total Other Support Services - Special Education Extraordinary Services							2,000	(752)	1,248		1,248
Other Support Services - Students - Regular:											
Salaries of Other Professional Staff	11-000-218-104	69,281		69,281	69,281		92,824	(8,547)	84,277	83,913	364
Other Purchased Professional & Technical Services	11-000-218-390	3,000	(3,000)				2,000	(1,561)	439		439
Supplies and Materials	11-000-218-600	1,704	(820)	884	884		1,000		1,000		1,000
Total Other Support Services - Students - Regular		73,985	(3,820)	70,165	70,165		95,824	(10,108)	85,716	83,913	1,803

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Other Support Services - Students - Special Services:											
Salaries of Other Professional Staff	11-000-219-104	177,536	8,821	186,357	186,357	151,668	11,579	163,247	163,096	151	
Salaries of Secretarial & Clerical Assistants	11-000-219-105	37,459	(200)	37,259	37,259	35,699		35,699	35,266	433	
Purchased Professional & Educational Services	11-000-219-320	10,000	(904)	9,096	9,096	42,000	(4,694)	37,306	2,381	34,925	
Other Purchased Professional & Technical Services	11-000-219-390	1,000	(1,000)			2,600	(1,650)	950		950	
Miscellaneous Purchased Services	11-000-219-592	5,500	(1,989)	3,511	3,299	212	5,700	(2,217)	3,483	2,942	
Supplies and Materials	11-000-219-600	2,001	459	2,460	1,843	617	2,200	(2,150)	50	50	
Other Objects	11-000-219-800	2,500	(239)	2,261	2,261	1,700	617	2,317	2,317		
Total Other Support Services - Students - Special Services:		235,996	4,948	240,944	240,115	829	241,567	1,485	243,052	206,002	37,050
Improvement of Instruction Services/Other Support Services - Instructional Staff:											
Salaries-Supervisors of Instruction	11-000-221-102	40,800		40,800	40,800	14,590	(287)	14,303	13,682	621	
Other Salaries	11-000-221-110	3,808	(2,353)	1,455	1,455		1,068	1,068	621	447	
Other Purchased Services	11-000-221-500	4,000	(550)	3,450	3,401	49	4,000	(1,689)	2,311	987	
Total Improvement of Instruction Services/Other Support Services - Instructional Staff		48,608	(2,903)	45,705	45,656	49	18,590	(908)	17,682	15,290	2,392
Educational Media Services/School Library:											
Salaries	11-000-222-100	81,329	(8,262)	73,067	70,295	2,772	101,864	5,410	107,274	107,172	102
Purchased Professional & Technical Services	11-000-222-300	3,528		3,528	3,478	50	3,900		3,900	3,389	511
Other Purchased Services	11-000-222-500	2,000		2,000	1,367	633	3,000		3,000	882	2,118
Supplies and Materials	11-000-222-600	6,271	251	6,522	1,033	5,489	6,500	(465)	6,035	5,103	932
Total Educational Media Services/School Library		93,128	(8,011)	85,117	76,173	8,944	115,264	4,945	120,209	116,546	3,663

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Instructional Staff Training Services:											
Salaries of Other Professional Staff	11-000-223-104		302	302	302						
Other Salaries	11-000-223-110							955	955	955	
Purchased Professional Educational Services	11-000-223-320	2,000	1,532	3,532	3,255	277	5,000	(816)	4,184	4,184	
Other Purchased Services	11-000-223-500	2,500	49	2,549	2,432	117	7,500	(650)	6,850	1,984	4,866
Supplies and Materials	11-000-223-600	2,000	(2,000)					91	91	91	
Total Instructional Staff Training Services		6,500	(117)	6,383	5,989	394	12,500	(420)	12,080	7,214	4,866
Support Services General Administration:											
Salaries	11-000-230-100	175,663	496	176,159	176,159		168,896		168,896	168,895	1
Legal Services	11-000-230-331	25,000	9,153	34,153	34,153		25,000		25,000	19,654	5,346
Audit Fees	11-000-230-332	13,000	(300)	12,700	12,700		13,000		13,000	11,900	1,100
Other Purchased Professional Services	11-000-230-339	10,000	9,050	19,050	16,743	2,307	5,000		5,000	4,429	571
Purchased Technical Services	11-000-230-340	1,000		1,000		1,000	2,000		2,000		2,000
Communications/Telephone	11-000-230-530	28,000	(2,191)	25,809	19,096	6,713	25,000	1,221	26,221	21,019	5,202
BOE Other Purchased Services	11-000-230-585	2,000		2,000	1,100	900	3,000		3,000	2,521	479
Other Purchased Services	11-000-230-590	21,560	(4,456)	17,104	12,353	4,751	18,000	(352)	17,648	13,956	3,692
Supplies and Materials	11-000-230-610	5,750	(3,955)	1,795	1,614	181	6,500		6,500	3,054	3,446
BOE In-house Training & Meeting Supplies	11-000-230-630	200		200	25	175					
BOE Membership Dues	11-000-230-895	6,800	1,580	8,380	8,333	47	5,200		5,200	4,860	340
Miscellaneous Expenditures	11-000-230-890	6,200		6,200	4,228	1,972	7,000	112	7,112	5,783	1,329
Total Support Services General Administration		295,173	9,377	304,550	286,504	18,046	278,596	981	279,577	256,071	23,506
Support Services School Administration:											
Salaries of Principals & Assistant Principals	11-000-240-103	61,200		61,200	61,200		82,682	1,363	84,045	84,045	
Salaries of Secretarial & Clerical Assistants	11-000-240-105	60,293		60,293	56,185	4,108	54,320	4,046	58,366	58,366	
Other Purchased Services	11-000-240-500	1,000		1,000		1,000	3,000	(2,672)	328		328
Supplies and Materials	11-000-240-600	9,372	(816)	8,556	5,460	3,096	8,000	3,470	11,470	9,567	1,903
Other Objects	11-000-240-800	2,040	816	2,856	1,318	1,538	2,000	(500)	1,500	1,296	204
Total Support Services School Administration		133,905		133,905	124,163	9,742	150,002	5,707	155,709	153,274	2,435

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Regular Maintenance School Facilities:											
Cleaning, Repair & Maintenance Services	11-000-261-420	49,500	(2,012)	47,488	35,086	12,402	57,848	(10,409)	47,439	30,666	16,773
General Supplies	11-000-261-610	10,000	1,114	11,114	9,656	1,458	29,403	(22,135)	7,268	6,427	841
Total Regular Maintenance School Facilities		59,500	(898)	58,602	44,742	13,860	87,251	(32,544)	54,707	37,093	17,614
Custodial Services:											
Salaries	11-000-262-100	191,631	(2,980)	188,651	176,493	12,158	181,842	14,974	196,816	189,075	7,741
Purchased Professional & Technical Services	11-000-262-300	5,000	(833)	4,167	648	3,519	6,300		6,300	4,116	2,184
Cleaning, Repair & Maintenance Services	11-000-262-420	151,050	(24,024)	127,026	116,951	10,075	140,000	(11,437)	128,563	120,977	7,586
Rental of Land & Building Other than Lease Purchase	11-000-262-441		125	125		125	8,000	(2,325)	5,675	4,920	755
Other Purchased Property	11-000-262-490							120	120	120	
Insurance	11-000-262-520	22,123	82	22,205	22,205		20,000	(1,983)	18,017	17,708	309
Miscellaneous Purchased Services	11-000-262-590		275	275	275						
General Supplies	11-000-262-610	27,782	1,191	28,973	23,056	5,917	29,400	(839)	28,561	25,120	3,441
Energy (Heat & Electricity)	11-000-262-620	181,516	7,577	189,093	180,203	8,890	165,000	11,367	176,367	163,111	13,256
Other Objects	11-000-262-800	625	1,037	1,662	1,662		525	572	1,097	1,097	
Total Custodial Services		579,727	(17,550)	562,177	521,493	40,684	551,067	10,449	561,516	526,244	35,272
Care & Upkeep of Grounds:											
Cleaning, Repair & Maintenance Services	11-000-263-420	1,903	311	2,214	1,896	318					
General Supplies	11-000-263-610	1,000	981	1,981	1,967	14					
Total Care & Upkeep of Grounds		2,903	1,292	4,195	3,863	332					
Security:											
Cleaning, Repair & Maintenance Services	11-000-266-420	10,827	275	11,102	4,740	6,362					
General Supplies	11-000-266-610	26,358	(275)	26,083	960	25,123					
Total Security		37,185		37,185	5,700	31,485					

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Student Transportation Services:											
Contracted Services (Other Than Between Home & School Contracted Services - Joint Agreements	11-000-270-512	9,309	(1,522)	7,787	4,981	2,806	9,000		9,000	5,892	3,108
Management Fee-ESC & CTS Transportation Program	11-000-270-515		4,053	4,053	4,053						
Contracted Services - ESC & CTS: Regular Students	11-000-270-350	6,777	(4,175)	2,602	398	2,204	6,454	(1,355)	5,099	497	4,602
Special Education Students	11-000-270-517	54,772	112	54,884	54,884		63,175		63,175	63,070	105
Contracted Services - Aid in Lieu of Payments	11-000-270-518	61,354	1,532	62,886	61,720	1,166	57,300	97,100	154,400	153,568	832
	11-000-270-503	9,140		9,140	7,956	1,184	8,590	1,355	9,945	9,945	
Total Student Transportation Services		141,352		141,352	133,992	7,360	144,519	97,100	241,619	232,972	8,647
Business & Other Support Services:											
Salaries	11-000-251-100	172,318	(934)	171,384	168,839	2,545	164,286	(1,536)	162,750	161,856	894
Purchased Professional Services	11-000-251-330	2,000	994	2,994	2,994		2,000	(76)	1,924	1,045	879
Purchased Technical Services	11-000-251-340	13,580	592	14,172	14,172		13,184	(273)	12,911	8,850	4,061
Miscellaneous Purchased Services	11-000-251-592	8,500		8,500	4,626	3,874	5,500		5,500	3,813	1,687
Supplies and Materials	11-000-251-600	4,500	(592)	3,908	3,747	161	5,000	140	5,140	5,140	
Miscellaneous Expenditures	11-000-251-890	3,500	(60)	3,440	1,481	1,959	2,500	446	2,946	2,946	
Total Business & Other Support Services		204,398		204,398	195,859	8,539	192,470	(1,299)	191,171	183,650	7,521
Administration Information Technology:											
Salaries	11-000-252-100	4,368		4,368	4,368		4,200		4,200	4,200	
Total Administration Information Technology		4,368		4,368	4,368		4,200		4,200	4,200	
Unallocated Benefits Employee Benefits:											
Social Security Contributions - Other	11-000-291-220	98,665	(14,401)	84,264	67,180	17,084	98,665	(20,807)	77,858	67,221	10,637
Other Retirement Contributions	11-000-291-241	67,469		67,469	53,325	14,144	63,000	(11,200)	51,800	50,031	1,769
Other Employee Benefits	11-000-291-290	13,000	187	13,187	13,187		15,000	(5,000)	10,000	8,650	1,350
Workmen's Compensation	11-000-291-260	30,200		30,200	29,894	306	30,200	(306)	29,894	29,894	
Health Benefits	11-000-291-270	852,780	7,366	860,146	782,772	77,374	633,213	33,596	666,809	666,809	
Tuition Reimbursements	11-000-291-280	17,000		17,000	12,477	4,523	18,000	(1,088)	16,912	16,912	
Total Unallocated Benefits - Employee Benefits		1,079,114	(6,848)	1,072,266	958,835	113,431	858,078	(4,805)	853,273	839,517	13,756

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	ACCOUNT NUMBER	JUNE 30, 2010				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Nonbudgeted:											
	On-Behalf TPAF Pension Contributions				223,752	(223,752)				205,248	(205,248)
	Reimbursed TPAF Social Security Contributions				258,483	(258,483)				251,172	(251,172)
Total Undistributed Expenditures		3,359,092	(36,250)	3,322,842	3,506,080	(183,238)	3,116,249	131,746	3,247,995	3,531,539	(283,544)
Total Expenditures - Current Expense		6,588,607	(46,513)	6,542,094	6,709,446	(167,352)	6,330,437	(27,181)	6,303,256	6,558,908	(255,652)
Capital Outlay:											
Undistributed Expenditures:											
	Special Schools - Equipment	12-XXX-X00-730	17,975	17,975	15,677	2,298		43,254	43,254	40,970	2,284
	Special Education - Instruction:										
	General Administration	12-000-230-730	2,298	2,298	2,298						
Total Equipment			20,273	20,273	17,975	2,298		43,254	43,254	40,970	2,284
Facilities Acquisition & Construction Services:											
	Other Purchased Professional & Construction Services	12-000-400-450	17,000	85,264	102,264	52,264	50,000	29,000	18,138	47,138	24,938
	Infrastructure	12-000-400-780	12,000	(12,000)							
Total Facilities Acquisition & Construction Services			29,000	73,264	102,264	52,264	50,000	29,000	18,138	47,138	24,938
Total Capital Outlay			29,000	93,537	122,537	70,239	52,298	29,000	61,392	90,392	65,908
Total Expenditures			6,617,607	47,024	6,664,631	6,779,685	(115,054)	6,359,437	34,211	6,393,648	6,624,816
Excess/(Deficiency) of Revenues Over/(Under) Expenditure			(252,626)	(47,024)	(299,650)	24,728	324,378	(183,664)	(34,211)	(217,875)	(46,382)
Other Financing Sources/(Uses):											
	Increase in Current Expense Emergency Reserve							11,317		11,317	
Total Other Financing Sources/(Uses)								11,317		11,317	

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	JUNE 30, 2010				POSITIVE/ (NEGATIVE)	JUNE 30, 2009				POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	FINAL ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	FINAL ACTUAL	FINAL TO ACTUAL
Excess/(Deficiency) of Revenues & Other Financing Sources/(Uses) Over/(Under) Expenditures & Other Financing Uses	(252,626)	(47,024)	(299,650)	24,728	324,378	(194,981)	(34,211)	(229,192)	(46,382)	171,493
Fund Balances, July 1	652,831		652,831	652,831		699,213		699,213	699,213	
Fund Balances, June 30	<u>\$400,205</u>	<u>(47,024)</u>	<u>353,181</u>	<u>677,559</u>	<u>324,378</u>	<u>515,549</u>	<u>(34,211)</u>	<u>481,338</u>	<u>652,831</u>	<u>171,493</u>

RECAPITULATION OF FUND BALANCE:

Reserve for Encumbrances	\$51,746
Reserved Excess Surplus	58,399
Capital Reserve	1
Maintenance Reserve	35,000
Emergency Reserve	35,017
Excess Surplus Designated for Subsequent Year's Expenditures	68,060
Unreserved Designated for Subsequent Year's Expenditures	175,656
Unreserved/Undesignated Surplus	<u>253,680</u>
Subtotal	677,559
Reconciliation to Governmental Fund Schedules (GAAP): Last State Aid Payment Not Recognized on GAAP Basis	<u>(122,007)</u>
Fund Balance Per Governmental Funds (GAAP)	<u><u>\$555,552</u></u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
AMERICAN RECOVERY AND REINVESTMENT ACT
BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 2010**

REVENUES	ACCOUNT NUMBERS	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Federal Sources:						
Education State, Recovery Act	16-4520	\$ -	151,994	151,994	151,994	
Government Services, Recovery Act	17-4521		5,884	5,884	5,884	
Total Revenues			157,878	157,878	157,878	
EXPENDITURES:						
Instruction:						
ARRA - State Fiscal Stabilization Fund:						
Education Stabilization Fund:						
Salaries of Teachers - Kind	16-110-100-101		5,413	5,413	5,413	
Salaries of Teachers Gr 1-5	16-120-100-101		93,737	93,737	93,737	
Salaries of Teachers Gr 6-8	16-130-100-101		52,844	52,844	52,844	
Total Education Stabilization Fund			151,994	151,994	151,994	
ARRA - State Fiscal Stabilization Fund - ESF:						
Government Services Fund:						
Salaries of Teachers - Kind	17-110-100-101		5,884	5,884	5,884	
Total Government Services Fund			5,884	5,884	5,884	
Total State Fiscal Stabilization Fund			157,878	157,878	157,878	
Total Expenditures			157,878	157,878	157,878	
Total Outflows			157,878	157,878	157,878	
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)		\$ -	-	-	-	-

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	JUNE 30, 2010				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2009				VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
REVENUES:										
State Sources		853	853	822	(31)					
Federal Sources	\$106,343	153,696	260,039	173,613	(86,426)	94,758	32,126	126,884	113,152	(13,732)
Local Sources		38,345	38,345	37,711	(634)		21,741	21,741	14,387	(7,354)
Total Revenues	106,343	192,894	299,237	212,146	(87,091)	94,758	53,867	148,625	127,539	(21,086)
EXPENDITURES:										
Instruction:										
Salaries of Teachers		48,134	48,134	26,616	21,518	5,141	(5,141)			
Purchase Professional & Educational Services	63,787	1,070	64,857	27,659	37,198	52,392	(52,392)			
General Supplies	13,056	41,432	54,488	36,612	17,876	4,576	28,732	33,308	27,951	5,357
Other Purchased Services						23,192	7,688	30,880	30,130	750
Total Instruction	76,843	90,636	167,479	90,887	76,592	85,301	(21,113)	64,188	58,081	6,107
Support Services:										
Salaries of Secretarial Clerical Personal Services - Employee Benefits		9,464	9,464	9,464		2,590	(2,590)			
Purchased Professional - Educational Services	29,500	44,059	73,559	71,191	2,368	6,203	63,914	70,117	64,074	6,043
Supplies & Materials		20,874	20,874	17,443	3,431	664	9,631	10,295	2,276	8,019
Total Support Services	29,500	79,064	108,564	99,950	8,614	9,457	70,955	80,412	66,350	14,062
Facilities Acquisition & Construction Services:										
Instructional Equipment		23,194	23,194	21,309	1,885		4,025	4,025	3,108	917
Total Facilities Acquisition & Construction Services		23,194	23,194	21,309	1,885		4,025	4,025	3,108	917
Total Expenditures	106,343	192,894	299,237	212,146	87,091	94,758	53,867	148,625	127,539	21,086
Total Outflows	106,343	192,894	299,237	212,146	87,091	94,758	53,867	148,625	127,539	21,086
Excess/(Deficiency) of Revenues Over/ (Under) Expenditures & Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	-	-

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

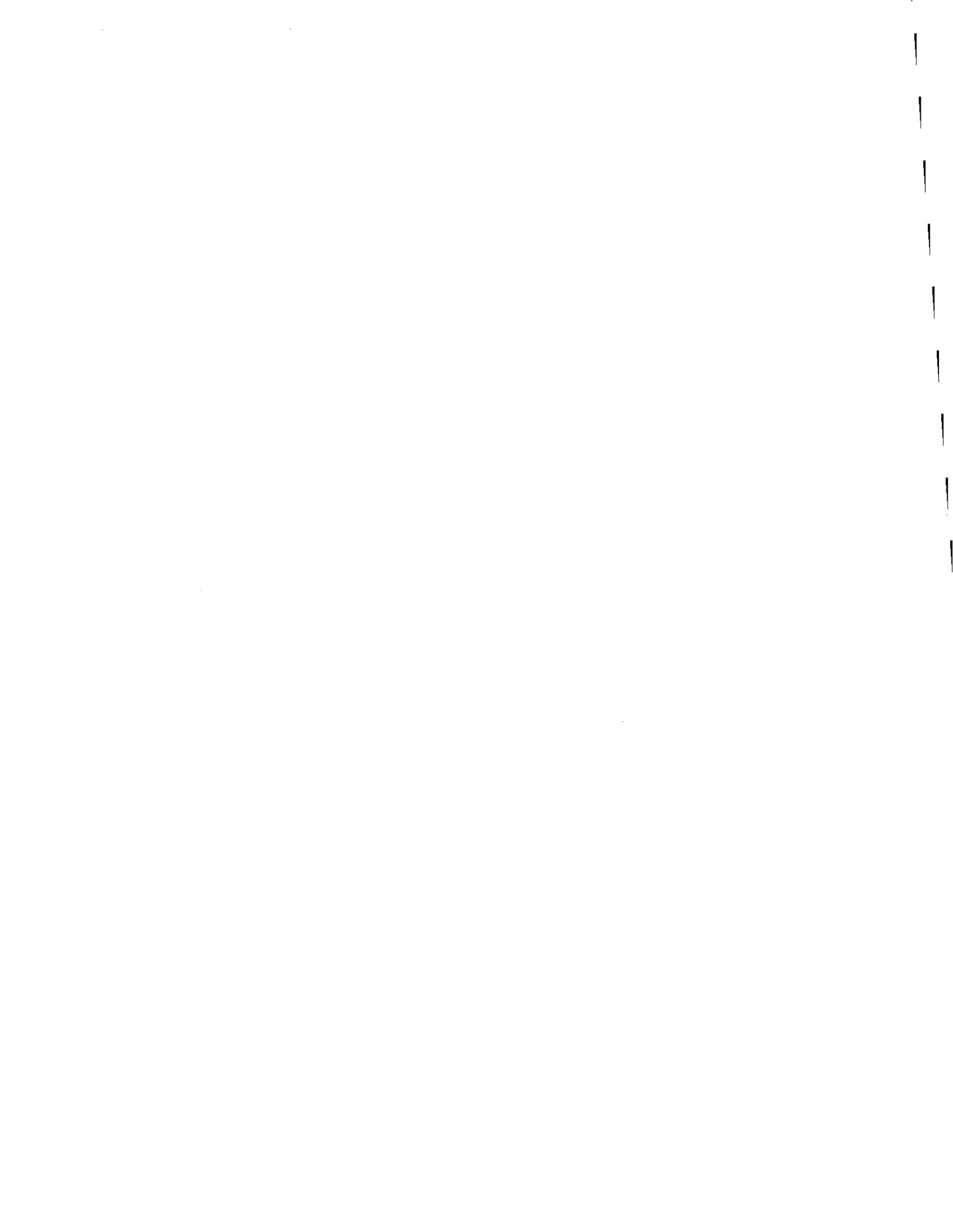


**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

	GENERAL FUND N-1	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$6,804,413	212,146
Difference - Budget to GAAP:		
 Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		 (23,128)
 State aid revenue adjustment due to last state aid payment not being recognized in accordance with GASB No. 33 Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
2008-2009	111,105	
2009-2010	(122,007)	
Total Revenues as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$6,793,511	189,018
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$6,779,685	212,146
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is 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.		 (23,128)
Total Expenditures as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$6,779,685	189,018

N-1 The general fund budget uses GAAP basis therefore no reconciliation is necessary.



OTHER SUPPLEMENTARY INFORMATION

D. School Based Budget Schedules

Not Applicable

E. Special Revenue Fund

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES
AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	NO CHILD LEFT BEHIND		MEDFORD LAKES EDUCATION FOUNDATION	MEDFORD LAKES ATHLETIC ASSOCIATION	CHARACTER EDUCATION	MISCELLANEOUS LOCAL GRANTS	I.D.E.A. PART B BASIC	I.D.E.A. PART B PRESCHOOL INCENTIVE	RECOVERY ACT		2010	2009
	TITLE IIA	TITLE IV							I.D.E.A. PART B BASIC	I.D.E.A. PART B PRESCHOOL INCENTIVE		
Revenues:												
State Sources					822						822	
Federal Sources	\$23,395	824					79,215	4,429	64,613	1,137	173,613	108,916
Local Sources			27,582	129		10,000					37,711	18,624
Total Revenues	\$23,395	824	27,582	129	822	10,000	79,215	4,429	64,613	1,137	212,146	127,540
Expenditures:												
Instruction:												
Salaries of Teachers							26,616				26,616	
Purchase Professional & Educational Services									27,659		27,659	30,130
General Supplies	\$1,743	824	13,457	129	572	10,000	1,290	4,429	3,031	1,137	36,612	27,951
Total Instruction	1,743	824	13,457	129	572	10,000	27,906	4,429	30,690	1,137	90,887	58,081
Support Services:												
Salaries of Secretarial Clerical Personal Services - Employee Benefits									9,464		9,464	
Purchased Professional Services	21,652				250		1,852				1,852	64,074
Supplies & Materials			1,450				44,549		4,740		71,191	
							4,908		11,085		17,443	2,276
Total Support Services	21,652		1,450		250		51,309		25,289		99,950	66,350
Facilities Acquisition & Construction Services:												
Instructional Equipment			12,675						8,634		21,309	3,109
Total Facilities Acquisition & Construction Services			12,675						8,634		21,309	3,109
Total Expenditures	\$23,395	824	27,582	129	822	10,000	79,215	4,429	64,613	1,137	212,146	127,540

F. Capital Projects Fund

Not Applicable

G. Proprietary Funds

Enterprise Funds

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2010
(With Comparative Totals for June 30, 2009)

ASSETS	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE	2010	2009
Cash & Cash Equivalents	\$21,719	21,719	20,348
Accounts Receivable:			
Interfunds	31,634	31,634	25,803
Federal	1,204	1,204	634
Total Assets	<u>54,557</u>	<u>54,557</u>	<u>46,785</u>
NET ASSETS			
Unrestricted	<u>54,557</u>	<u>54,557</u>	<u>46,785</u>
Total Net Assets	<u>\$54,557</u>	<u>54,557</u>	<u>46,785</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
AS OF JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	FOOD SERVICE	2010	2009
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs:			
Special Milk Program	\$11,240	11,240	12,248
Total Operating Revenues	11,240	11,240	12,248
Operating Expenses:			
Cost of Sales	10,144	10,144	8,875
Total Operating Expenses	10,144	10,144	8,875
Operating Income/(Loss)	1,096	1,096	3,373
Nonoperating Revenues/(Expenses):			
Federal Sources:			
Special Milk Program	6,400	6,400	8,304
Interest & Investment Revenue	276	276	118
Total Nonoperating Revenues/(Expenses)	6,676	6,676	8,422
Income/(Loss) Before Contributions & Transfers	7,772	7,772	11,795
Change in Net Assets	7,772	7,772	11,795
Total Net Assets - Beginning	46,785	46,785	34,990
Total Net Assets - Ending	\$54,557	54,557	46,785

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
FOOD SERVICE ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS FOOD SERVICE	2010	2009
Cash Flows From Operating Activities:			
Receipts from Customers	\$11,240	11,240	12,248
Payments to Suppliers	(10,144)	(10,144)	(8,875)
Net Cash Provided/(Used) by Operating Activities	1,096	1,096	3,373
Cash Flows From Noncapital Financing Activities:			
Federal Sources	5,830	5,830	8,081
Interfunds Receivable	(5,831)	(5,831)	(8,079)
Net Cash Provided/(Used) by Noncapital Financing Activities	(1)	(1)	2
Cash Flows From Investing Activities:			
Interest & Dividends	276	276	118
Net Cash Provided/(Used) by Investing Activities	276	276	118
Net Increase/(Decrease) in Cash & Cash Equivalents	1,371	1,371	3,493
Balances - Beginning of Year	20,348	20,348	16,855
Balances - End of Year	\$21,719	21,719	20,348

Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:

Operating Income/(Loss)	\$1,096	1,096	3,373
Net Cash Provided/(Used) by Operating Activities	\$1,096	1,096	3,373

Internal Service Fund

Not Applicable

H. Fiduciary Fund



**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBING STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

ASSETS	PRIVATE PURPOSE				AGENCY FUNDS			2010	2009
	BOOSTER CLUB	SCHOLARSHIP	FLEXIBLE SPENDING TRUST	NEW JERSEY UNEMPLOYMENT TRUST	STUDENT ACTIVITY	PAYROLL AGENCY	NET PAYROLL		
Cash & Cash Equivalents	\$4,661	9,626	4,199	16,254	1,333	48,504	767	85,344	44,005
Interfund Receivable				13,719				13,719	5,612
Total Assets	4,661	9,626	4,199	29,973	1,333	48,504	767	99,063	49,617
LIABILITIES									
Payroll Deductions & Withholdings						33,791		33,791	1,710
Interfund Payable			1,500			14,713	767	16,980	7,949
Due to Student Groups					1,333			1,333	3,634
Total Liabilities			1,500		1,333	48,504	767	52,104	13,293
NET ASSETS									
Unreserved	\$4,661	9,626	2,699	29,973				46,959	36,324
Total Net Assets	\$4,661	9,626	2,699	29,973	-	-	-	46,959	36,324

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
EXPENDABLE TRUST FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(With Comparative Totals for June 30, 2009)**

	PRIVATE PURPOSE			2010	2009
	BOOSTER CLUB	SCHOLARSHIP	FLEXIBLE SPENDING TRUST		
Operating Revenue:					
Local Sources:					
Interest on Investments		60	28	182	270
Contributions			12,185	8,451	20,636
Total Operating Revenue		60	12,213	8,633	20,906
Operating Expenditures:					
Scholarship Payments		200		200	200
Unemployment Remissions				344	5,800
Miscellaneous Expenditures			9,727	9,727	8,739
Total Operating Expenditures		200	9,727	344	10,271
Excess/(Deficit) of Revenues Over Expenditures		(140)	2,486	8,289	10,635
Fund Balances, July 1	\$4,661	9,766	213	21,684	36,324
Fund Balance, June 30	\$4,661	9,626	2,699	29,973	46,959

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
STUDENT ACTIVITY FUND
SCHEDULE OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	BALANCE JUNE 30, 2009	CASH RECEIPTS	DISBURSEMENTS	BALANCE JUNE 30, 2010
Elementary School	\$3,634	12,233	14,534	1,333
Total	<u>\$3,634</u>	<u>12,233</u>	<u>14,534</u>	<u>1,333</u>

EXHIBIT H-4(1)

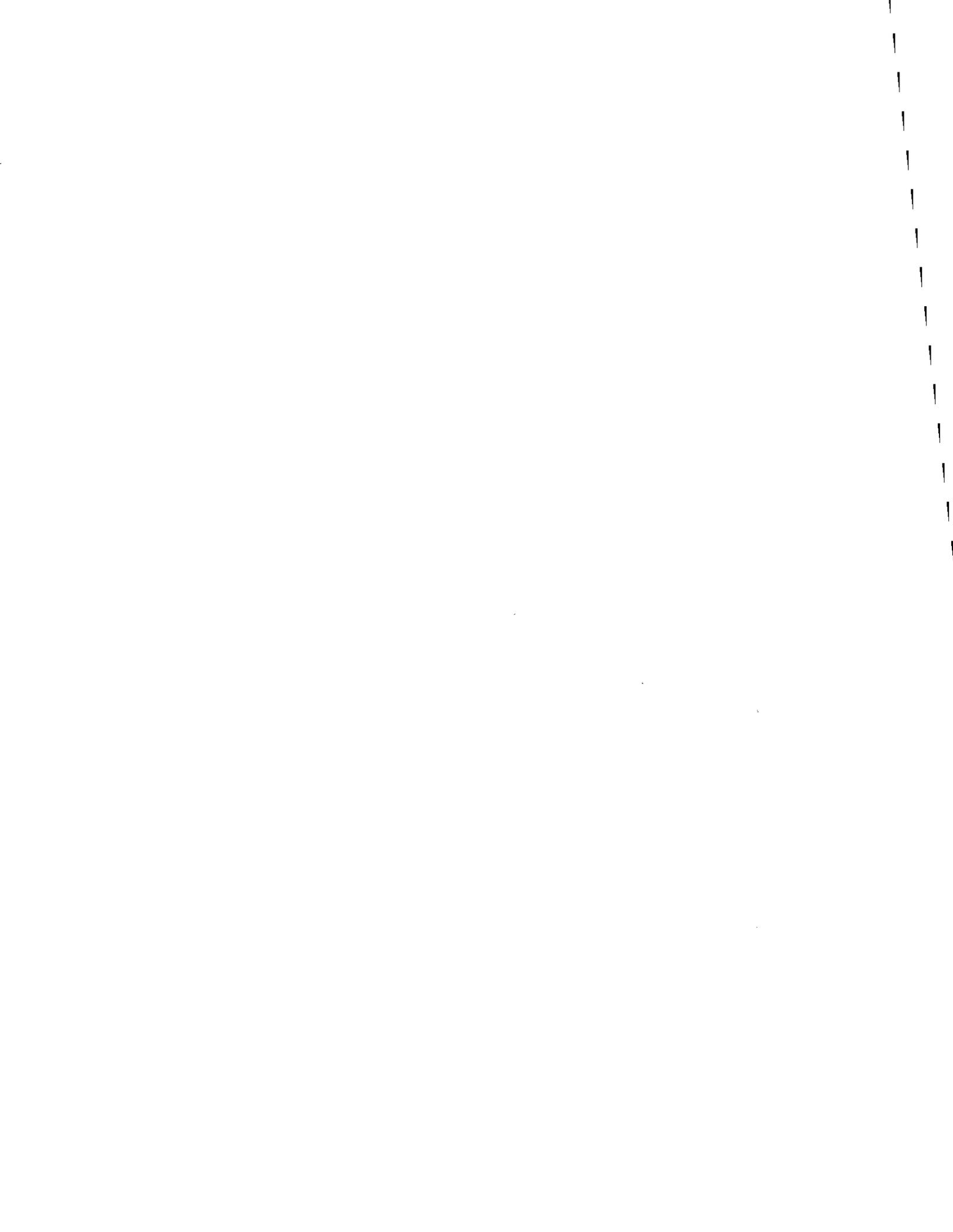
**PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	BALANCE JUNE 30, 2009	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2010
ASSETS				
Cash & Cash Equivalents	\$7,322	2,299,581	2,258,399	48,504
Total Assets	<u>\$7,322</u>	<u>2,299,581</u>	<u>2,258,399</u>	<u>48,504</u>
LIABILITIES:				
Payroll Deductions & Withholdings	\$1,710	2,290,480	2,258,399	33,791
Interfund Payable - Unemployment	5,612	8,107		13,719
Interfund Payable - General Fund		994		994
Total Liabilities	<u>\$7,322</u>	<u>2,299,581</u>	<u>2,258,399</u>	<u>48,504</u>

EXHIBIT H-4(2)

**NET PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	BALANCE JUNE 30, 2009	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2010
ASSETS				
Cash & Cash Equivalents	\$837	2,608,473	2,608,543	767
Total Assets	<u>\$837</u>	<u>2,608,473</u>	<u>2,608,543</u>	<u>767</u>
LIABILITIES				
Interfund Payable Net Payroll	\$837	767	837	767
		2,607,706	2,607,706	
Total Liabilities	<u>\$837</u>	<u>2,608,473</u>	<u>2,608,543</u>	<u>767</u>



I. Long-Term Debt

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT ACCOUNT GROUP
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

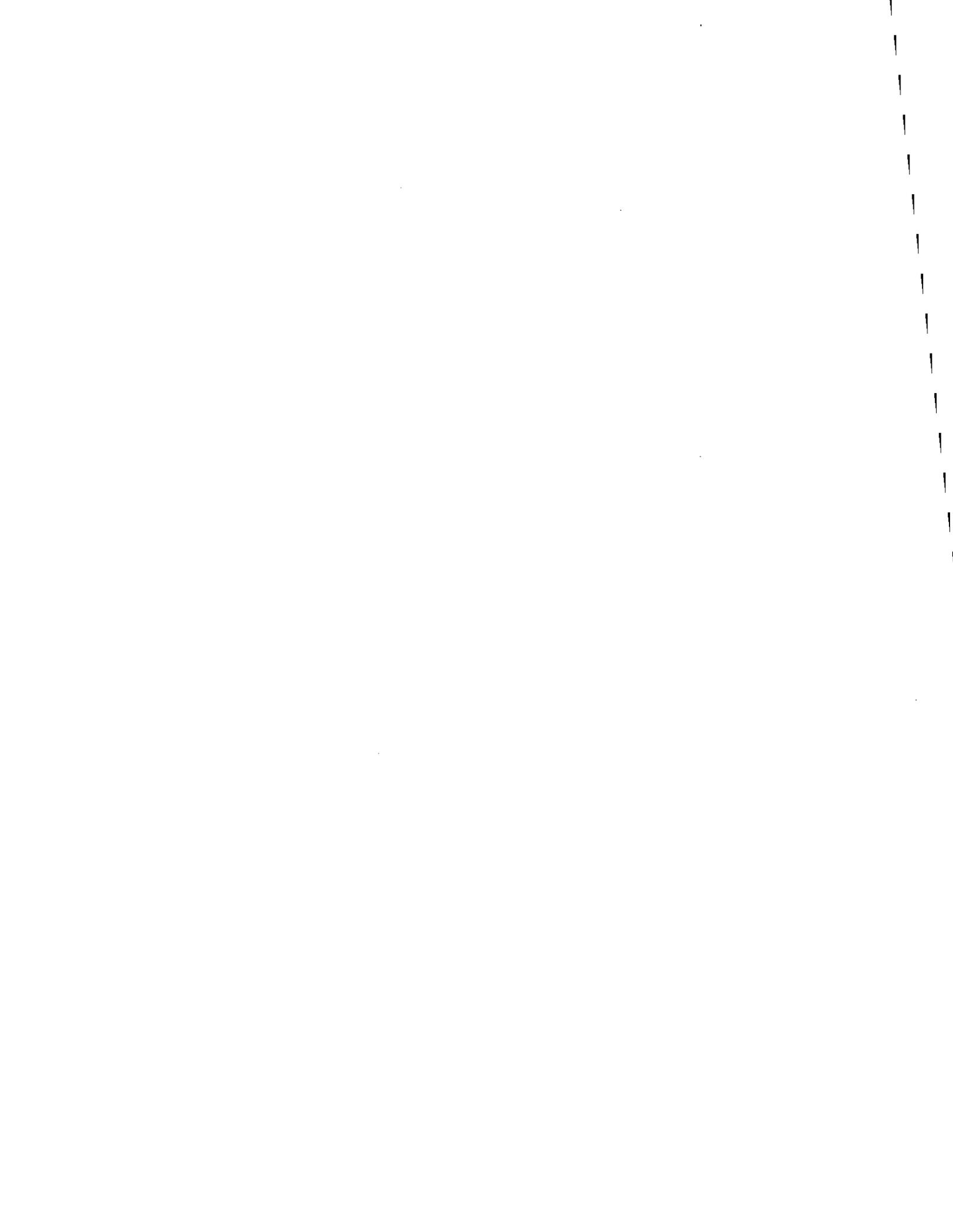
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ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL MATURITIES		INTEREST RATE	BALANCE JUNE 30, 2009	ISSUED	REFUNDED	RETIRED	BALANCE JUNE 30, 2010
			DATE	AMOUNT						
Addition & Alterations to Neeta School & Alterations to Nokomis School	5/2/2002	\$5,165,000	5/15/11	\$275,000	4.60%	\$4,500,000		3,965,000	260,000	275,000
2010 School Refunding Bonds	5/3/2010	3,845,000	5/15/11	10,000		3,845,000				3,845,000
			5/15/12	290,000						
			5/15/13	305,000						
			5/15/14	310,000						
			5/15/15	320,000						
			5/15/16	330,000						
			5/15/17	335,000						
			5/15/18	355,000						
			5/15/19	370,000						
			5/15/20	385,000						
			5/15/21	405,000						
5/15/22	430,000									
Total						\$4,500,000	3,845,000	3,965,000	260,000	4,120,000

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	JUNE 30, 2010				VARIANCE	JUNE 30, 2009				VARIANCE
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
Revenues:										
Local Sources:										
Local Tax Levy	\$462,880		462,880	462,880		470,973		470,973	470,973	
Miscellaneous						2		2	85	83
Total Revenues	462,880		462,880	462,880		470,975		470,975	471,058	83
Expenditures:										
Regular Debt Service:										
Interest	209,473		209,473	209,473		220,975		220,975	220,975	
Redemption of Principal	260,000		260,000	260,000		250,000		250,000	250,000	
Total Expenditures	469,473		469,473	469,473		470,975		470,975	470,975	
Excess/(Deficiency) of Revenues & Other Financing Sources Over/ (Under) Expenditures	(6,593)		(6,593)	(6,593)					83	83
Fund Balance, July 1	6,678		6,678	6,678					6,595	6,595
Fund Balance, June 30	\$85	-	85	85	-	-	-	-	6,678	6,678

STATISTICAL SECTION (Unaudited)



MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,						
	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:							
Invested in Capital Assets, Net							
of Related Debt	\$2,121,969	1,907,011	1,826,095	1,778,758	1,557,059	1,378,596	985,066
Restricted	152,989	303,204	254,474	679,597	1,083,397	1,126,724	860,495
Unrestricted	164,818	104,460	280,582	118,664	(20,702)	72,636	518,202
Total Governmental Activities							
Net Assets	<u>\$2,439,776</u>	<u>2,314,675</u>	<u>2,361,151</u>	<u>2,577,019</u>	<u>2,619,754</u>	<u>2,577,956</u>	<u>2,363,763</u>
Business-Type Activities:							
Unrestricted	<u>\$54,557</u>	<u>46,785</u>	<u>34,990</u>	<u>26,928</u>	<u>19,768</u>	<u>11,964</u>	<u>8,760</u>
Total Business-Type Activities							
Net Assets	<u>\$54,557</u>	<u>46,785</u>	<u>34,990</u>	<u>26,928</u>	<u>19,768</u>	<u>11,964</u>	<u>8,760</u>
District-Wide:							
Invested in Capital Assets, Net							
of Related Debt	\$2,121,969	1,907,011	1,826,095	1,778,758	1,557,059	1,378,596	985,066
Restricted	152,989	303,204	254,474	679,597	1,083,397	1,126,724	860,495
Unrestricted	219,375	151,245	315,572	145,592	(934)	84,600	526,962
Total District Net Assets	<u>\$2,494,333</u>	<u>2,361,460</u>	<u>2,396,141</u>	<u>2,603,947</u>	<u>2,639,522</u>	<u>2,589,920</u>	<u>2,372,523</u>

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST SEVEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,						
	2010	2009	2008	2007	2006	2005	2004
Expenses:							
Instruction:							
Regular	\$2,350,951	2,262,824	2,224,695	2,123,702	2,001,990	2,049,378	1,924,865
Special Education	797,433	713,836	887,080	919,501	861,566	771,433	825,125
Other Special Instruction	38,298	35,676	31,617	36,714	34,685	34,421	33,424
Other Instruction	84,443	72,739	78,221	60,737	55,172	56,035	55,086
Support Services & Undistributed Costs:							
Tuition	73,359	206,721	80,025	27,116	47,471	34,060	18,757
Health Services	152,271	143,930	113,930	104,489	105,661	95,112	95,693
Student & Instruction Related Services	536,484	434,037	410,376	434,078	466,268	319,601	259,191
Educational Media Services/School Library	76,173	116,546	106,136	105,662	104,041	98,636	90,641
Instructional Staff Training	5,989	7,214	6,188	16,637	4,720	6,928	6,873
School Administrative Services	124,163	153,274	142,429	155,545	130,652	137,553	131,163
General Administrative Services	299,899	256,071	255,528	253,701	283,898	246,951	234,555
Plant Operations & Maintenance	575,798	563,337	552,838	626,517	555,617	514,687	401,080
Pupil Transportation	133,992	232,972	124,023	79,141	70,193	67,223	74,540
Business & Other Support Services	195,859	183,650	174,506	177,739	181,568	166,526	150,684
Administration Information Technology	4,368	4,200	4,800	1,720		1,097	
Unallocated Benefits	1,441,070	1,295,937	1,586,964	1,534,096	1,292,082	1,106,696	1,035,919
Interest on Long-Term Debt	208,590	219,538	245,136	250,682	268,620	294,013	314,282
Decrease in Compensated Absences	(20,360)	21,124	(976)	6,057	(30,837)	1,925	2,944
Unallocated Depreciation	243,195	238,101	231,189	198,204	215,645	271,689	265,452
Total Governmental Activities Expenses	7,321,975	7,161,727	7,254,705	7,112,038	6,649,012	6,273,964	5,920,274
Business-Type Activities:							
Food Service	10,144	8,875	8,576	5,801	6,489	15,090	27,506
Total Business-Type Activities Expense	10,144	8,875	8,576	5,801	6,489	15,090	27,506
Total District Expenses	\$7,332,119	7,170,602	7,263,281	7,117,839	6,655,501	6,289,054	5,947,780
Program Revenues:							
Governmental Activities:							
Charges for Services:							
Operating Grants & Contributions	\$167,709	124,056	126,327	171,474	216,010	218,251	182,252
Total Governmental Activities Program Revenues	167,709	124,056	126,327	171,474	216,010	218,251	182,252
Business-Type Activities:							
Charges for Services:							
Food Service	11,240	12,248	9,652	7,709	8,565	8,690	8,162
Operating Grants & Contributions	6,400	8,304	6,553	4,628	5,308	9,496	4,252
Total Business Type Activities Program Revenues	17,640	20,552	16,205	12,337	13,873	18,186	12,414
Total District Program Revenues	\$185,349	144,608	142,532	183,811	229,883	236,437	194,666

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
CHANGES IN NET ASSETS - (ACCRUAL BASIS OF ACCOUNTING)
LAST SEVEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,						
	2010	2009	2008	2007	2006	2005	2004
Net (Expense)/Revenue:							
Governmental Activities	(\$7,154,266)	(7,037,671)	(7,128,378)	(6,940,564)	(6,433,002)	(6,055,713)	(5,738,022)
Business-Type Activities	7,496	11,677	7,629	6,536	7,384	3,096	(15,092)
Total District-Wide Net Expense	(\$7,146,770)	(7,025,994)	(7,120,749)	(6,934,028)	(6,425,618)	(6,052,617)	(5,753,114)
General Revenues & Other Changes in Net Assets:							
Governmental Activities:							
Taxes:							
Property Taxes, Levied for General Purposes, Net	\$4,949,681	4,759,309	4,602,225	4,445,864	4,263,167	4,018,424	3,872,693
Taxes Levied for Debt Service	462,880	470,973	300,474	485,688	455,214	593,701	586,133
Federal & State Aid Not Restricted	1,609,848	1,561,499	1,794,462	1,733,879	1,457,983	1,399,753	1,362,753
Miscellaneous Revenue	255,291	199,414	199,073	222,798	244,432	187,341	142,054
Tuition Received			16,275	9,601	53,994	70,697	90,877
Amortization of Bond Premiums (Net of Costs and Losses)	1,667						
Total Governmental Activities	7,279,367	6,991,195	6,912,509	6,897,830	6,474,790	6,269,916	6,054,510
Business-Type Activities:							
Investment Earnings	276	118	433	624	420	108	
Total Business-Type Activities	276	118	433	624	420	108	
Total District-Wide	\$7,279,643	6,991,313	6,912,942	6,898,454	6,475,210	6,270,024	6,054,510
Change in Net Assets:							
Governmental Activities	\$125,101	(46,476)	(215,869)	(42,734)	41,788	214,203	316,488
Business-Type Activities	7,772	11,795	8,062	7,160	7,804	3,204	(15,092)
Total District	\$132,873	(34,681)	(207,807)	(35,574)	49,592	217,407	301,396

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,							
	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:								
Reserved	\$248,223	352,728	275,501	522,553	859,565	780,791	767,120	393,028
Unreserved	307,329	188,998	374,013	213,071	67,648	191,823	97,645	242,553
Total General Fund	\$555,552	541,726	649,514	735,624	927,213	972,614	864,765	635,581
All Other Governmental Funds:								
Reserved							156,825	4,622,538
Unreserved, Reported in:								
Capital Projects Fund				171,543	240,837	368,817	381,720	904,229
Debt Service Fund	\$85	6,678	6,595	2	2	1	36	36
Total All Other Governmental Funds	\$85	6,678	6,595	171,545	240,839	368,818	538,581	5,526,803

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues										
Tax Levy	\$5,412,561	5,230,282	4,902,699	4,931,552	4,718,381	4,612,125	4,458,826	4,010,375	3,622,794	3,523,074
Tuition Charges			16,275	9,601	53,994	70,697	90,877	53,406	61,698	60,274
Miscellaneous	255,291	199,414	199,073	222,798	244,432	187,341	142,054	187,576	159,994	171,145
State Sources	1,469,194	1,577,014	1,794,462	1,784,492	1,533,400	1,455,921	1,424,604	1,437,860	3,244,294	1,102,690
Federal Sources	308,363	108,541	126,327	120,861	140,593	162,083	120,401	273,118	101,780	63,413
Total Revenue	7,445,409	7,115,251	7,038,836	7,069,304	6,690,800	6,488,167	6,236,762	5,962,335	7,190,560	4,920,596
Expenditures										
Current Expense:										
Instruction	3,271,125	3,085,075	3,221,613	3,140,654	2,953,413	2,911,267	2,838,500	2,941,443	2,492,610	2,237,756
Undistributed Expenditures	3,606,030	3,597,889	3,557,743	3,519,418	3,253,612	2,805,803	2,512,329	2,465,145	2,121,422	2,094,714
Capital Outlay	91,548	69,017	38,525	68,926	32,667	187,223	5,004,008	1,657,121	133,210	92,163
Debt Service	469,473	470,975	472,015	601,188	624,488	645,788	640,963	613,743	375,681	376,556
Total Expenditures	7,438,176	7,222,956	7,289,896	7,330,186	6,864,180	6,550,081	10,995,800	7,677,452	5,122,923	4,801,189
Excess (Deficiency) of Revenues Over/(Under) Expenditures	7,233	(107,705)	(251,060)	(260,882)	(173,380)	(61,914)	(4,759,038)	(1,715,117)	2,067,637	119,407
Other Financing Sources/(Uses):										
Proceeds from Borrowing									5,165,000	
Capital Leases										27,384
Cancelled Payables								12,394		108
Transfers in			171,542	69,294	120,000		14,905			
Transfers Out			(171,542)	(69,294)	(120,000)		(14,905)			
Total Other Financing Sources/(Uses)								12,394	5,165,000	27,492
Net Change in Fund Balances	\$7,233	(107,705)	(251,060)	(260,882)	(173,380)	(61,914)	(4,759,038)	(1,702,723)	7,232,637	146,899
Debt Service as a Percentage of Noncapital Expenditures	6.39%	6.58%	6.51%	8.28%	9.14%	10.15%	10.70%	10.19%	7.53%	8.00%

Source: District records

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

FISCAL YEAR ENDED JUNE 30,	CLASSROOM RENTAL	INTEREST ON INVESTMENTS	MISCELLANEOUS	TOTAL
2010	\$142,885	12,508	62,187	217,580
2009	138,398	10,759	31,548	180,705
2008	125,817	35,230	7,709	168,756
2007	119,830	59,088	40,029	218,947
2006	114,120	66,823	41,989	222,932
2005	108,675	36,298	42,368	187,341
2004	-	7,782	119,367	127,149
2003	-	-	87,965	87,965
2002	-	18,594	124,753	143,347
2001	-	41,754	129,391	171,145

Source: District records

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	COMMERCIAL	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ESTIMATED ACTUAL (COUNTY EQUALIZED) VALUE
2009	\$476,000	228,453,100	4,363,400	233,292,500	277,038	233,569,538	3.302	493,962,463
2008	521,000	227,566,900	4,390,300	232,478,200	220,690	232,698,890	3.276	483,086,999
2007	745,500	226,717,600	4,390,300	231,853,400	222,020	232,075,420	3.196	449,349,454
2006	745,500	227,007,700	4,330,300	232,083,500	159,914	232,243,414	3.123	413,853,293
2005	1,051,500	227,264,500	3,415,300	231,731,300	201,524	231,932,824	2.997	365,682,306
2004	973,300	226,968,700	3,507,300	231,449,300	246,355	231,695,655	2.853	319,372,234
2003	951,000	226,135,800	3,507,300	230,594,100	293,234	230,887,334	2.746	291,716,266
2002	1,043,300	225,224,500	3,697,300	229,965,100	297,065	230,262,165	2.508	274,108,363
2001	1,182,600	224,737,200	3,697,300	229,617,100	308,946	229,926,046	2.261	265,047,442
2000	1,450,900	224,307,900	3,697,300	229,456,100	322,791	229,778,891	2.215	254,855,323

Source: Burlington County Abstract of Ratables

MEDFORD LAKES BOROUGH BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	BOROUGH OF		TOTAL DIRECT AND OVERLAPPING TAX RATE
				MEDFORD LAKES	BURLINGTON COUNTY	
2009	2.317	0.985	3.302	1.153	0.656	5.111
2008	2.247	1.029	3.276	1.141	0.808	5.225
2007	2.113	1.083	3.196	1.099	0.815	5.110
2006	2.124	0.999	3.123	1.030	0.788	4.941
2005	2.035	0.962	2.997	0.969	0.720	4.686
2004	1.990	0.863	2.853	0.875	0.648	4.376
2003	1.931	0.815	2.746	0.851	0.643	4.240
2002	1.748	0.760	2.508	0.808	0.639	3.955
2001	1.576	0.685	2.261	0.724	0.644	3.629
2000	1.533	0.682	2.215	0.706	0.630	3.551

Source: Burlington County Abstract of Ratables

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND TEN YEARS AGO**

TAXPAYER	2010		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Medford Lakes Country Club	3,008,000	1	1.29%
Taxpayer #1	1,722,800	2	0.74%
Taxpayer #2	756,900	3	0.32%
Taxpayer #3	738,600	4	0.32%
Taxpayer #4	689,700	5	0.30%
Taxpayer #5	682,500	6	0.29%
Taxpayer #6	664,600	7	0.28%
Taxpayer #7	653,800	8	0.28%
Taxpayer #8	649,600	9	0.28%
Taxpayer #9	612,400	10	0.26%
Total	<u>\$10,178,900</u>		<u>4.36%</u>

TAXPAYER	2001		
	TAXABLE ASSESSED VALUE	RANK (OPTIONAL)	% OF TOTAL DISTRICT NET ASSESSED VALUE
Medford Lakes Country Club	\$1,436,400	1	0.625%
Fleet Bank	400,000	2	0.174%
Taxpayer #1	360,000	3	0.157%
Taxpayer #2	334,500	4	0.145%
Taxpayer #3	306,600	5	0.133%
Taxpayer #4	287,800	6	0.125%
Taxpayer #5	286,100	7	0.124%
Taxpayer #6	285,200	8	0.124%
Taxpayer #7	279,900	9	0.122%
Taxpayer #8	278,800	10	0.121%
Total	<u>\$4,255,300</u>		<u>1.85%</u>

Source: Municipal Tax Assessor

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY	
		AMOUNT	PERCENTAGE OF LEVY
2010	\$5,412,561	5,412,561	100.00%
2009	5,230,282	5,230,282	100.00%
2008	4,902,699	4,902,699	100.00%
2007	4,931,552	4,931,552	100.00%
2006	4,718,381	4,718,381	100.00%
2005	4,612,125	4,612,125	100.00%
2004	4,458,826	4,458,826	100.00%
2003	4,010,375	4,010,375	100.00%
2002	3,622,794	3,622,794	100.00%
2001	3,523,074	3,523,074	100.00%

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

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PER CAPITA
	GENERAL OBLIGATION BONDS	CAPITAL LEASES			
2010	\$4,120,000	-		4,120,000	N/A
2009	4,500,000	-		4,500,000	1,094.89
2008	4,750,000	-		4,750,000	1,157.41
2007	4,990,000	-		4,990,000	1,219.15
2006	5,338,000	2,977		5,340,977	1,294.47
2005	5,688,000	14,418		5,702,418	1,375.73
2004	6,038,000	25,151		6,063,151	1,454.69
2003	6,363,000	28,384		6,391,384	1,531.24
2002	6,643,000	61,103		6,704,103	1,608.47
2001	1,743,000	86,539		1,829,539	441.38

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2010	\$4,120,000		4,120,000	1.76%	N/A
2009	4,500,000		4,500,000	1.93%	1,094.89
2008	4,750,000		4,750,000	2.17%	1,157.41
2007	4,990,000		4,990,000	2.30%	1,219.15
2006	5,338,000		5,338,000	2.32%	1,294.47
2005	5,688,000		5,688,000	2.48%	1,375.73
2004	6,038,000		6,038,000	2.63%	1,454.69
2003	6,363,000		6,363,000	2.77%	1,531.24
2002	6,643,000		6,643,000	2.89%	1,608.47
2001	1,743,000		1,743,000	0.76%	441.38

**RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2010**

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
Borough of Medford Lakes	\$2,698,287	100.000%	\$2,698,287
Lenape Regional School District	98,764,000	2.464%	2,433,545
Burlington County	395,252,496	0.946%	3,737,508
Subtotal, Overlapping Debt			8,869,340
Medford Lakes Borough Board of Education			4,120,000
Total Direct & Overlapping Debt			<u>\$12,989,340</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Burlington County Board of Taxation.

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt Limit	\$14,633,447	14,223,672	13,435,095	12,270,181	10,954,333	9,730,192	8,813,784	8,282,837	7,921,139	7,685,578
Total Net Debt Applicable to Limit	4,120,000	4,500,000	4,750,000	4,990,000	5,338,000	5,688,000	6,038,000	6,363,000	6,643,000	1,743,000
Legal Debt Margin	<u>\$10,513,447</u>	<u>9,723,672</u>	<u>8,685,095</u>	<u>7,280,181</u>	<u>5,616,333</u>	<u>4,042,192</u>	<u>2,775,784</u>	<u>1,919,837</u>	<u>1,278,139</u>	<u>5,942,578</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	28.15%	31.64%	35.36%	40.67%	48.73%	58.46%	68.51%	76.82%	83.86%	22.68%

Legal Debt Margin Calculation for Fiscal Year 2010

	Equalized Valuation Basis
	2009 \$490,316,309
	2008 491,705,160
	2007 481,323,230
	<u>\$1,463,344,699</u>
Average Equalized Valuation of Taxable Property	<u>\$487,781,566</u>
Debt Limit (3 % of Average Equalization Value)	\$14,633,447
Net Bonded School Debt	<u>4,120,000</u>
Legal Debt Margin	<u>\$10,513,447</u>

Source: Equalized valuation bases were obtained from the Annual Report of the State of Exhibit Jersey, Department of Treasury, Division of Taxation

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION	BURLINGTON COUNTY PER CAPITA INCOME	UNEMPLOYMENT RATE
2009	4,110	N/A	4.1%
2008	4,119	46,564	2.3%
2007	4,109	45,463	2.2%
2006	4,142	43,551	3.9%
2005	4,159	40,795	1.7%
2004	4,184	39,606	3.5%
2003	4,189	37,982	3.8%
2002	4,183	37,299	3.8%
2001	4,161	36,912	2.6%
2000	4,181	35,279	2.4%

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

	<u>2010</u>	<u>2001</u>
	EMPLOYEES	EMPLOYEES
Medford Lakes Board of Education	<u>97</u>	<u>99</u>
Total	<u><u>97</u></u>	<u><u>99</u></u>

The Borough has no other employers with more than 25 Full Time Employees

**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

INFORMATION NOT CURRENTLY AVAILABLE

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO	AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (c)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
2010	564	\$6,297,450	11,166	-0.08%	43	13/1	558.3	534.4	0.18%	0.19%
2009	552	6,168,396	11,175	3.30%	43	13/1	559.1	533.4	4.66%	4.61%
2008	544	5,878,118	10,805	-13.30%	45	12/1	534.2	509.9	0.38%	0.20%
2007	544	6,660,072	12,243	8.29%	45	12/1	532.2	508.9	-3.18%	-3.65%
2006	549	6,207,025	11,306	7.19%	49	11/1	549.7	528.2	1.46%	1.58%
2005	542	5,717,070	10,548	8.03%	49	11/1	541.8	520.0	-1.17%	-0.78%
2004	548	5,350,829	9,764	1.50%	52	11/1	548.2	524.1	-2.52%	-2.15%
2003	562	5,406,588	9,620	10.30%	50	11/1	562.4	535.6	6.23%	6.12%
2002	529	4,614,032	8,722	2.47%	49	11/1	529.4	504.7	3.99%	3.30%
2001	509	4,332,470	8,512	-1.27%	50	10/1	509.1	488.6	2.89%	4.36%

Sources: District records

Note: Enrollment based on annual October district count.

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

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

DISTRICT BUILDINGS	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Elementary Schools:										
Neeta School:										
Square Feet	65,573	65,573	65,573	65,573	65,573	65,573	65,573	45,573	45,573	45,573
Capacity (Students)	489	489	489	489	489	489	489	340	340	340
Enrollment	356	351	348	356	356	356	359	356	343	333
Nokomis School:										
Square Feet	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030	20,030
Capacity (Students)	160	160	160	160	160	160	160	160	160	160
Enrollment	208	201	190	188	179	179	192	203	173	165

Number of Schools at June 30, 2010:

 Elementary = 1

 Middle School = 1

Source: District Facilities Office

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE
LAST NINE FISCAL YEARS**

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

	*	NEETA SCHOOL	NOKOMIS SCHOOL	TOTAL
2010		27,532	17,210	44,742
2009		24,316	12,777	37,093
2008		42,972	14,315	57,287
2007		44,004	22,160	66,164
2006		37,207	24,479	61,686
2005		26,342	19,879	46,221
2004		20,928	12,717	33,645
2003		16,480	11,930	28,410
2002		16,695	14,651	31,346
Total School Facilities		\$256,476	150,118	406,594

* 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

**INSURANCE SCHEDULE
JUNE 30, 2010**

	COVERAGE	DEDUCTIBLE
School Package Policy - Burlington County Insurance Pool - Joint Insurance Fund - BCIPJIF:		
Specialty National Insurance Co.:		
Property - Blanket Building and Contents	\$150,000,000	500
Crime	500,000	500
General & Automobile Liability	10,000,000	
Worker's Compensation	Statutory	
Educator's Legal Liability	10,000,000	
Hartford Steam Boiler & Inspection Company:		
Boiler & Machinery	100,000,000	1,000
AIG Insurance Company:		
Pollution Legal Liability	3,000,000	10,000

Source: District records.

SINGLE AUDIT SECTION





Certified Public Accountants & Consultants

EXHIBIT K-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**

Honorable President and Members
of the Board of Education
Medford Lakes Borough
County of Burlington
Medford Lakes, New Jersey 08055

We have audited the financial statements of the Board of Education of the Medford Lakes Borough School District, County of Burlington, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated October 16, 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 audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Medford Lakes Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as finding 2010-01. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Medford Lakes Borough Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance 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.

We noted certain matters that we reported to management of Medford Lakes Borough Board of Education, in a separate letter titled Administrative Findings Financial, Compliance and Performance, dated October 16, 2010.

This report is intended solely for the information of the audit committee, management, the Medford Lakes Borough Board of Education, the New Jersey State 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.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Fronia
Certified Public Accountant
Public School Accountant
No. 1011

Medford, New Jersey
October 16, 2010



Certified Public Accountants & Consultants

EXHIBIT K-2

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

Honorable President and Members
of the Board of Education
Medford Lakes Borough
County of Burlington
Medford Lakes, New Jersey 08055

Compliance

We have audited the compliance of Board of Education of the Medford Lakes Borough School District, in the County of Burlington, State of New Jersey, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey Grants Compliance Supplement* that are applicable to each of its major state programs for the fiscal year ended June 30, 2010. The Board of Education of the Medford Lakes Borough School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of Board of Education of the Medford Lakes Borough School District's management. Our responsibility is to express an opinion on Board of Education of the Medford Lakes Borough 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Board of Education of the Medford Lakes Borough 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 Board of Education of the Medford Lakes Borough School District's compliance with those requirements.

In our opinion, the Board of Education of the Medford Lakes Borough School District, County of Burlington, 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 Board of Education of the Medford Lakes Borough 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 Medford Lakes Board of Education'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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Medford Lakes Board of Education's internal control over compliance.

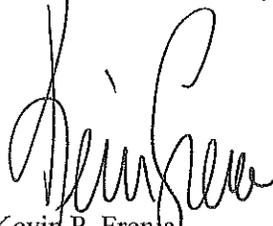
A deficiency in a District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Medford Lakes Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Medford Lakes Board of Education's response and, accordingly, we express no opinion on it.

This report is intended for the information of the management of the Board of Education of the Medford Lakes Borough School District, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN & FRENIA, P. C.



Kevin P. Frenia
Certified Public Accountant
Public School Accountant
No. 1011

Medford, New Jersey
October 16, 2010

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT			JUNE 30, 2010		MEMO	
				JUNE 30, 2009	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS DEFERRED RECEIVABLE)	REVENUE	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
STATE DEPARTMENT OF EDUCATION:										
General Fund:										
State Aid:										
Equalization Aid	10-495-034-5120-078	\$660,899	7/1/09-6/30/10		660,899	(660,899)			86,444	(660,899)
Transportation Aid	10-495-034-5120-014	23,201	7/1/09-6/30/10		23,201	(23,201)			3,546	(23,201)
Special Education Aid	10-495-034-5120-089	285,089	7/1/09-6/30/10		285,089	(285,089)			28,323	(285,089)
Security Aid	10-495-034-5120-084	24,170	7/1/09-6/30/10		24,170	(24,170)			3,694	(24,170)
Nonpublic Transportation Aid	10-100-034-5120-068	3,680	7/1/09-6/30/10			(3,680)	(3,680)			(3,680)
Nonpublic Transportation Aid	09-100-034-5120-068	5,103	7/1/08-6/30/09	(\$5,103)	5,103					
Extraordinary Aid	09-495-034-5120-044	28,617	7/1/08-6/30/09	(28,617)	28,617					
Teacher's Pension & Annuity Fund	10-495-034-5095-006	223,752	7/1/09-6/30/10		223,752	(223,752)				(223,752)
Reimbursed TPAF Social Security Contribution	10-495-034-5095-002	258,483	7/1/09-6/30/10		246,178	(258,483)	(12,305)			(258,483)
Reimbursed TPAF Social Security Contribution	09-495-034-5095-002	12,143	7/1/08-6/30/09	(12,243)	12,243					
Total General Fund				(45,963)	1,509,252	(1,479,274)	(15,985)		122,007	(1,479,274)
Special Revenue Fund:										
State Grants:										
Character Education Aid	04-100-034-5120-053	853	7/1/04-6/30/05	853		(822)		31		(822)
Total Special Revenue Fund				853		(822)		31		(822)
Grand Total - Governmental Funds				(\$45,110)	1,509,252	(1,480,096)	(15,985)	31	122,007	(1,480,096)

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**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2010**

Note 1. General

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

Note 2. Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements.

Note 3. Relationship to Basic Financial Statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(10,902) for the general fund and \$ -0- for the Special Revenue Fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

**MEDFORD LAKES BOROUGH BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
JUNE 30, 2010**

Note 3. Relationship to Basic Financial Statements (continued):

	State
General Fund	\$1,468,372
Special Revenue Fund	<u>822</u>
Total Financial Assistance	<u>\$1,469,194</u>

Note 4. Relationship to State Financial Reports

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

Note 5. Other

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 represent the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010.

Note 6. State Loans Outstanding

The Medford Lakes Borough Board of Education has no loan balances outstanding at June 30, 2010.

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to basic financial Statements noted?	No

State Awards

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes
Type of auditor’s report issued on compliance for major programs	<u>Unqualified</u>
Internal Control over major programs:	
1) Material weakness(es) identified?	No
2) Significant deficiencies identified that are not considered To be material weaknesses?	None Reported
Any audit findings disclosed that are required to be reported in accordance With NJ OMB Circular Letter 04-04	No

Identification of major programs:

GMIS Number(s)	Name of State Program
10-495-034-5120-078	Equalization Aid

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010**

Section II – 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*.

Finding 2010-01:

Criteria or Specific Requirement:

Districts must keep an accurate, up-to-date accounting of its capital assets and reconcile that subsidiary ledger to the District's general ledger.

Condition:

During our testing of capital assets, it was noted that the District did not maintain a capital asset subsidiary ledger.

Context:

The audit report reflects the updated capital asset balances.

Effect:

This could lead to the District's financial statements being materially misstated.

Cause:

This was caused by the District failure to update the capital asset subsidiary ledger for fiscal year 2010.

Recommendation:

That the District maintains a capital asset subsidiary ledger and reconciles the data to the District's general ledger.

Views of Responsible Officials and Planned Corrective Action:

The District will take appropriate measures to update and reconcile its capital asset ledger.

Section III – State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

**MEDFORD LAKES BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal 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.

No Prior Year Findings