

FAIRVIEW BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Fairview, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Fairview Board of Education

Fairview, New Jersey

For The Fiscal Year Ended June 30, 2011

Prepared by

Business Office

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INTRODUCTORY SECTION

FAIRVIEW PUBLIC SCHOOLS

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November 9, 2011

Honorable President and Members of the Fairview Board of Education
Fairview Public Schools
130 Hamilton Avenue
Fairview, New Jersey 07022

Dear Board Members,

The Comprehensive Annual Financial Report of the Fairview School District for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility or the accuracy of the data and completeness of the presentation lies with the management of the district. It is our belief that the data contained in this report is accurate and is reported in a manner designed to present a clear picture of the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an understanding of district financial activities have been included.

The Government Accounting Standards Board (GASB) requires the district to provide a narrative introduction, an overview, and an analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal can be found immediately following the "Independent Auditors' Report".

The Comprehensive Annual Financial Report is presented in four sections: introduction, financial, statistical, and single audit. The introduction includes this transmittal letter and lists principal officials. The financial section includes the independent auditors' report, management's discussion and analysis, the basic financial statements including the district financial statements in an effort to conform to the Governmental Accounting Standards Board Statement Number 34. The basic financial statements also include the individual fund financial statements, notes to the basic financial statements, and required supplemental information. The statistical section includes selected financial and demographic information.

The district is required to have an annual single audit in order to conform with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants and State Aid Payments". Information related to this audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and a schedule of findings and questioned costs are included in the supplementary section of this report.

1. Reporting Entity and its Services: The Fairview Public School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board as established by GASB Statement No. 14. All funds of the district are included in this report.

The district provides a full range of educational services appropriate to grade levels Pre-K through eight. These services include regular, as well as special education for handicapped students. The fiscal year concluded with an enrollment of 1148 students. This number represents an increase of 33 students from the previous fiscal year. The following is a view of the district enrollment for the last ten years.

Average Daily Enrollment

Year	Enrollment	Percent Change
2001-2002	1012	3.69
2002-2003	1060	3.75
2003-2004	1039	(1.98)
2004-2005	1010	(2.79)
2005-2006	1013	.30
2006-2007	1005	(0.80)
2007-2008	1051	4.58
2008-2009	1043	(.76)
2009-2010	1115	6.9
2010-2011	1148	3.0

2. Economic Condition and Outlook: The community of Fairview continues to see substantial growth in the multi-family housing market. As a result of this growth the school district is experiencing an influx of students at the primary levels (Kindergarten, first and second grades). The overall district enrollment continues to rise and this trend is expected to continue.

3. Major Initiatives: The 2010-2011 school year saw an effort to address student progress on the NJ ASK. The Extended Day Program was expanded in order to create smaller groups for remediation and assisting students to improve testing skills.

In addition, the district continued its lease agreement with the Newark Archdiocese for what was formerly St. John the Baptist School located at 240 Fourth Street, Fairview, N.J. This building currently houses all first grade students in the Fairview Public School District.

4. Internal Accounting Controls: District management is responsible for establishing and maintaining structure designed to ensure district assets are safe from loss, misuse or theft and to ensure that accurate accounting data are compiled when preparing financial statements which conform to generally accepted accounting practices. The internal control structure provides reasonable, but not absolute, assurance that the objectives are met.

As a recipient of federal and state funds, the Fairview School District is also responsible to ensure compliance with laws and regulations related to those programs. The district internal control structure must also be periodically evaluated by the district management.

Part of the district's single audit requires tests to determine the accuracy of the internal control structure. This in an effort to ensure the district is in compliance with laws and regulations regarding federal and state funding programs.

5. Budgetary Controls: The district maintains budgetary controls, in addition to internal accounting controls, in an effort to ensure compliance with legal provisions in the annual appropriated budget. Annual budgets are adopted for the general, debt service and special revenue funds. The final budget amounts are reported 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 cancelled or are included as re-appropriation of fund balance in the subsequent year. The funds are to be re-appropriated are reported as reservations of fund balance on June 30, 2011.

6. Debt Administration: As of June 30, 2011, the district outstanding debt issues included \$667,014 of EDA Safe Schools Loans. These loans have assisted in upgrading facilities at School Number Three and Lincoln School. In addition the district has \$475,000 of Pension Refunding Bonds outstanding at June 30, 2011.

7. Cash Management: The district investment policy is in accordance with the state statute detailed in the "Notes to the Financial Statements". The district cash management plan requires it to deposit public funds in institutions protected from loss under 1970 to protect Governmental Units from loss of funds on deposit with a failed bank in the state of New Jersey.

8. Risk Management: The Fairview Board of Education is covered by a variety of insurance forms. These include general liability, auto liability and collision, hazard and theft insurance on buildings and other property (including contents) and fidelity bonds.

9. Other Information: The district is required to conduct an annual audit conducted by an independent certified public accountant or registered municipal accountant. The Fairview Board of education currently employs the services of Lerch, Vinci, & Higgins, LLP as our independent accounting firm. The audit is performed and designed to meet the requirements of the Single Audit Act and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The report on basic financial statements and schedules is included in the financial section of the report. The auditors' report specifically related to the single audit is included in that section of this report.

10. Acknowledgements: The administration wishes to express their gratitude to the Fairview Board of Education for their efforts in providing fiscal accountability and stability to the children, parents and taxpayers of the borough of Fairview. With the support of the Board the district has been able to develop and maintain a stable financial base. In addition, the administration wishes to acknowledge the efforts of the Business Administrator and his staff for their dedicated service to the Fairview Public School district.

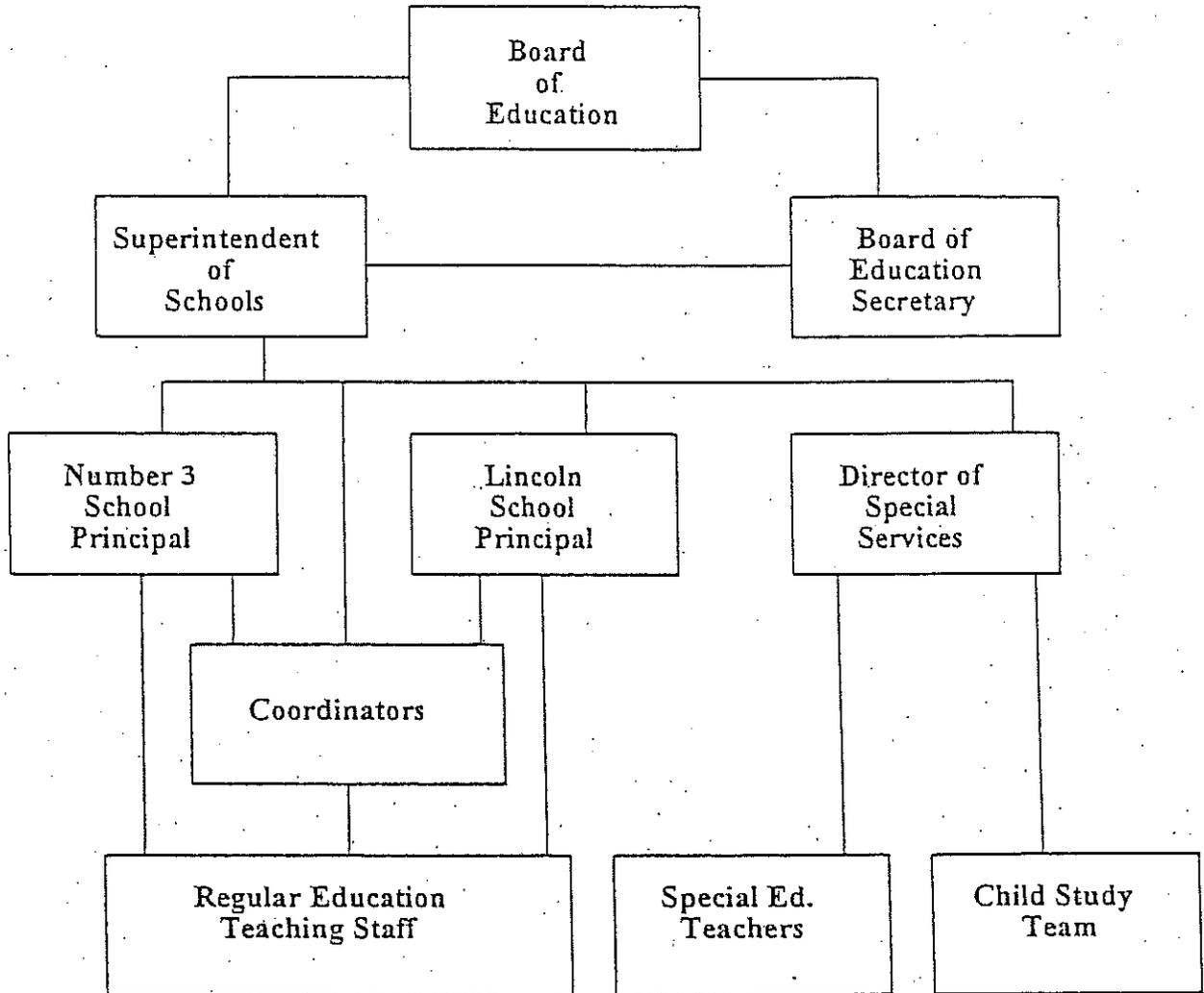
Respectfully submitted,

Louis DeLisio

Louis DeLisio
Superintendent of Schools

BOROUGH OF FAIRVIEW BOARD OF EDUCATION

Fairview, New Jersey



***FAIRVIEW BOARD OF EDUCATION
FAIRVIEW, NEW JERSEY***

***ROSTER OF OFFICIALS
JUNE 30, 2011***

Russell Martin, President

Angelo D'Arminio, Vice President

Trustees

Louis Aveta

Yara Betancourt

Martin Booth

Jhon Gomez

Louis Lynaugh

Francisco Martinez

John Mesisca

Other Officials

Patrick Caufield, Board Secretary/ Business Administrator

Louis De Lisio, Ph.D., Superintendent of Schools

Eugene Pedoto, Treasurer of Schools Monies

***FAIRVIEW BOARD OF EDUCATION
CONSULTANTS AND ADVISORS***

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Attorney

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Edgewater, New Jersey 07020

Official Depository

Mariner's Bank
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Edgewater, New Jersey 07020

FINANCIAL SECTION

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PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Trustees
Fairview Board of Education
Fairview, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fairview Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fairview Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 previously 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 Fairview Board of Education as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2011 on our consideration of the Fairview Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fairview Board of Education's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 9, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

FAIRVIEW BOARD OF EDUCATION

Management's Discussion and Analysis

This section of the Fairview Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2010-2011 fiscal year include the following:

- The overall net assets of the Fairview Board of Education exceeded its liabilities at the close of the fiscal year by \$3,182,934.
- Overall revenues were \$22,141,805. General revenues accounted for \$17,746,789 or 80% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,395,016 or 20% of total revenues.
- The school district had \$21,304,469 in expenses for governmental activities; only \$4,042,814 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$17,746,789 were adequate to provide funding for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$534,386. This represented an increase of \$258,608 when compared with the beginning balance at July 1, 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

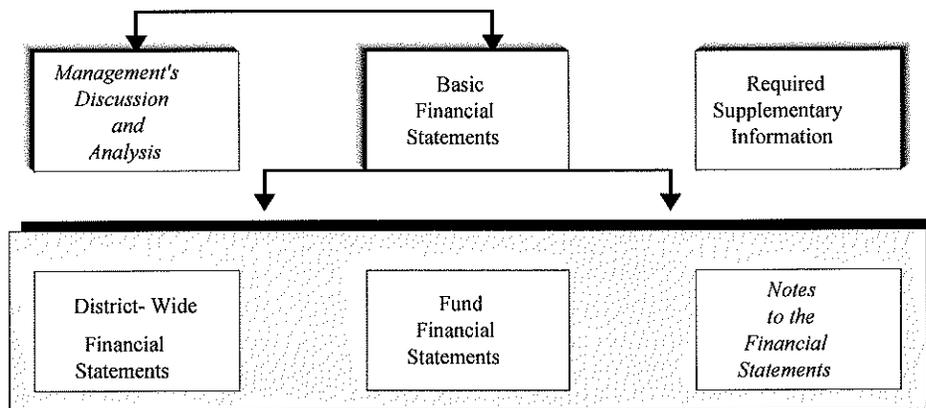
The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The various parts of this annual report are arranged and related to one another, as follows:



The major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain are summarized below. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary.	Activities the district operates similar to a private business: food service enterprise fund	Instances in which the district administers resources on behalf of someone else, such as unemployment, payroll agency, and student activities
Required financial statements	Statements of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in fund net assets Statement of cash flows	Statements of fiduciary net assets, Statement of changes in fiduciary net assets
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

District-Wide Financial Statements

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

The two district-wide statements report the District’s net assets and how they have changed. Net assets – the difference between the District’s assets and liabilities – is one way to measure the District’s financial health or position.

- Over time, increases or decreases in the District’s net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities.

District-Wide Financial Statements (Continued)

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aid finances most of these activities.
- *Business Type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund is included under this category.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary Funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

Enterprise Funds – These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has only one enterprise fund.

- *Fiduciary Funds* – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$3,182,934 as of June 30, 2011.

The largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is 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.

Statement of Net Assets As of June 30, 2011 and 2010

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 2,172,352	\$ 1,836,012	\$ 39,901	\$ 135,087	\$ 2,212,253	\$ 1,971,099
Capital Assets	<u>4,674,604</u>	<u>4,835,571</u>	<u>4,869</u>	<u>5,699</u>	<u>4,679,473</u>	<u>4,841,270</u>
Total Assets	<u>6,846,956</u>	<u>6,671,583</u>	<u>44,770</u>	<u>140,786</u>	<u>6,891,726</u>	<u>6,812,369</u>
Other Liabilities	1,643,642	1,569,769	28,092	130,259	1,671,734	1,700,028
Long-Term Liabilities	<u>2,037,058</u>	<u>2,412,962</u>	<u>-</u>	<u>-</u>	<u>2,037,058</u>	<u>2,412,962</u>
Total Liabilities	<u>3,680,700</u>	<u>3,982,731</u>	<u>28,092</u>	<u>130,259</u>	<u>3,708,792</u>	<u>4,112,990</u>
Net Assets:						
Invested in Capital Assets, Net						
of Related Debt	3,979,449	3,910,325	4,869	5,699	3,984,318	3,916,024
Restricted	520,003	520,001			520,003	520,001
Unrestricted	<u>(1,333,196)</u>	<u>(1,741,474)</u>	<u>11,809</u>	<u>4,828</u>	<u>(1,321,387)</u>	<u>(1,736,646)</u>
Total Net Assets	<u>\$ 3,166,256</u>	<u>\$ 2,688,852</u>	<u>\$ 16,678</u>	<u>\$ 10,527</u>	<u>\$ 3,182,934</u>	<u>\$ 2,699,379</u>

Changes in Net Assets
For the Fiscal Years Ended June 30, 2011 and 2010

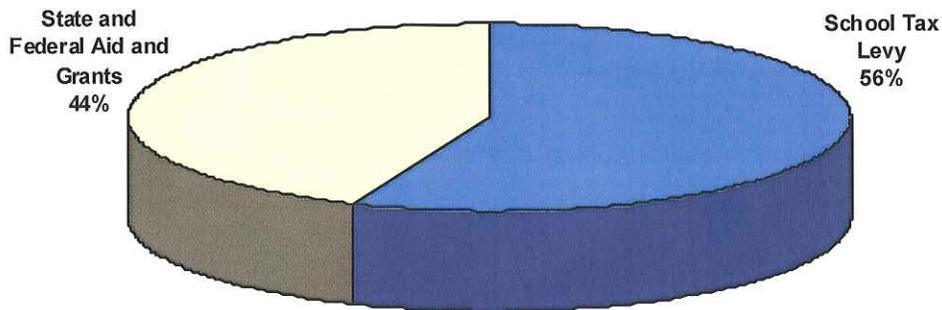
	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services	\$ 11,120	\$ 24,300	\$ 41,095	\$ 29,370	\$ 52,215	\$ 53,670
Operating Grants and Contributions	4,031,694	5,293,020	311,107	302,184	4,342,801	5,595,204
Capital Grants and Contributions				4,667	-	
General Revenues						
Property Taxes	12,290,046	11,695,503			12,290,046	11,695,503
State Aid	5,424,555	4,694,397			5,424,555	4,694,397
Other	32,188	46,204	-	-	32,188	46,204
Total Revenues	<u>21,789,603</u>	<u>21,753,424</u>	<u>352,202</u>	<u>336,221</u>	<u>22,141,805</u>	<u>22,089,645</u>
Expenses						
Instruction						
Regular	10,761,698	10,743,019			10,761,698	10,743,019
Special Education	4,016,907	4,011,801			4,016,907	4,011,801
Other Instruction	961,057	916,763			961,057	916,763
School Sponsored Activities and Ath.	47,425	49,329			47,425	49,329
Support Services						
Student and Instruction Related Serv.	1,899,435	1,956,145			1,899,435	1,956,145
School Administrative Services	511,182	698,908			511,182	698,908
General Administrative Services	692,238	725,122			692,238	725,122
Central Services	554,815	597,415			554,815	597,415
Plant Operations and Maintenance	1,563,608	1,908,765			1,563,608	1,908,765
Pupil Transportation	234,660	233,296			234,660	233,296
Food Services			353,781	348,674	353,781	348,674
Interest on Long-Term Debt	61,444	73,251	-	-	61,444	73,251
Total Expenses	<u>21,304,469</u>	<u>21,913,814</u>	<u>353,781</u>	<u>348,674</u>	<u>21,658,250</u>	<u>22,262,488</u>
Transfers	<u>(7,730)</u>	<u>(7,242)</u>	<u>7,730</u>	<u>7,242</u>	<u>-</u>	<u>-</u>
Change in Net Assets	477,404	(167,632)	6,151	(5,211)	483,555	(172,843)
Net Assets, Beginning of Year	<u>2,688,852</u>	<u>2,856,484</u>	<u>10,527</u>	<u>15,738</u>	<u>2,699,379</u>	<u>2,872,222</u>
Net Assets, End of Year	<u>\$ 3,166,256</u>	<u>\$ 2,688,852</u>	<u>\$ 16,678</u>	<u>\$ 10,527</u>	<u>\$ 3,182,934</u>	<u>\$ 2,699,379</u>

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$21,789,603 for the year ended June 30, 2011. Property taxes of \$12,290,046 represented 56% percent of revenues. Another significant portion of revenues came from State and Federal aid; Total State and Federal aid was \$9,456,249. Miscellaneous income which includes items such as interest rentals, prior year refunds, etc. totaled \$32,188 and charges for transportation totaled \$11,120.

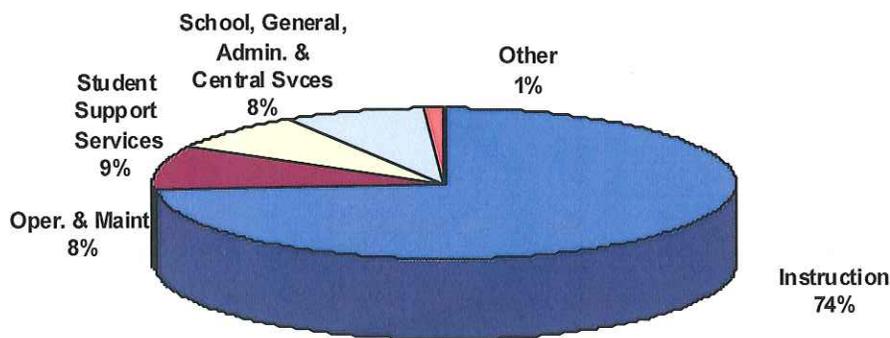
The total cost of all governmental activities programs and services was \$21,304,469. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$15,787,087 (74%) of total expenditures. Student support services exclusive of administration total \$1,899,435 or 9% of total expenditures.

Total governmental activities revenues and transfers surpassed expenses, increasing net assets \$477,404 from the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2011



Expenditures by Type- Governmental Activities
For Fiscal Year 2011



Net Cost of Governmental Activities. The District's total cost of services was \$21,304,469. After applying program revenues, derived from operating grants and contributions of \$4,031,694 and charges for services of \$11,120; the net cost of services of the District is \$17,261,655.

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction				
Regular	\$ 10,761,698	\$ 10,743,019	\$ 9,224,316	\$ 8,322,097
Special Education	4,016,907	4,011,801	2,790,286	2,600,561
Other Instruction	961,057	916,763	836,888	808,266
School Sponsored Activities and Athletics	47,425	49,329	47,425	49,329
Support Services				
Student and Instruction Related Svcs.	1,899,435	1,956,145	900,555	1,185,543
School Administrative Services	511,182	725,122	468,636	664,802
General Administrative Services	692,238	698,908	636,461	648,547
Central Services	554,815	597,415	554,815	597,415
Plant Operations and Maintenance	1,563,608	1,908,765	1,512,954	1,507,458
Pupil Transportation	234,660	233,296	227,875	139,225
Interest on Long-Term Debt	61,444	73,251	61,444	73,251
Total	<u>\$ 21,304,469</u>	<u>\$ 21,913,814</u>	<u>\$ 17,261,655</u>	<u>\$ 16,596,494</u>

Business-Type Activities – The District’s total business-type activities revenues were \$352,202 for the year ended June 30, 2011. Operating grants and contributions accounted for 88% of total revenue for the year.

The total cost of all business-type activities programs and services was \$353,781. The District’s expenses are related to Food Service programs provided to all students, teachers and administrators within the District.

Total business-type activities revenues and transfers surpassed expenses, increasing net assets by \$6,151 over the last year.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District’s net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$534,386. At June 30, 2010, the fund balance was \$275,778. This deficit is a result of the State of New Jersey delaying the payment of the June, 2011 state aid until July, 2011. Upon receipt of the aid, the unassigned deficit fund balance was eliminated.

Revenues for the District’s governmental funds were \$21,789,603, while total expenses were \$21,523,265.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students from pre-kindergarten through grade 8 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources:				
Property Taxes	\$ 12,012,159	\$ 11,426,385	\$ 585,774	5.1%
Interest	6,719	9,434	(2,715)	-28.8%
Miscellaneous	36,589	61,070	(24,481)	-40.1%
State Sources	7,263,047	6,980,706	282,341	4.0%
Federal Sources	<u>88,302</u>	<u>1,053,515</u>	<u>(965,213)</u>	-91.6%
Total General Fund Revenues	<u>\$ 19,406,816</u>	<u>\$ 19,531,110</u>	<u>\$ (124,294)</u>	<u>-0.6%</u>

Total General Fund Revenues decreased by \$124,294 or less than 1% from the previous year.

Local property taxes increased 5% from the previous year.

The following schedule presents a summary of General Fund Expenditures.

	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 14,740,830	\$ 14,564,090	\$ 176,740	1.21%
Support Services	4,374,784	5,023,682	(648,898)	-12.92%
Capital Outlay		5,138	(5,138)	-100.00%
Debt Service	<u>24,866</u>	<u>24,311</u>	<u>555</u>	2.28%
Total Expenditures	<u>\$ 19,140,480</u>	<u>\$ 19,617,221</u>	<u>\$ (476,741)</u>	<u>-2.43%</u>

Total General Fund expenditures decreased \$476,741 or 2% from the previous year.

In 2010-2011 General Fund revenues exceeded expenditures and other financing uses by \$258,606. As a result, total fund balance increased to \$544,470 at June 30, 2011. After deducting statutory designations and reserves, the unassigned fund balance increased slightly from a deficit of \$390,936 at June 30, 2010 to a deficit of \$356,340 at June 30, 2011.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal, State and local sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$2,057,257, for the year ended June 30, 2010. Federal sources accounted for 89% of the total revenue for the year, while state sources accounted for 11%.

Special Revenue Fund (Continued)

Total Special Revenue Fund revenues increased \$160,639 from the previous year. The District received ARRA funds in 2009-2010 and 2010-2011 for Title I and IDEA programs.

Expenditures of the Special Revenue Fund were \$2,057,257. Instructional expenditures were \$1,107,004, or 54% of total expended for the year ended June 30, 2011.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities that are supported in part through user fees.

Enterprise Funds - The District uses the Enterprise Fund to report activities related to the Food Services program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of these Funds have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are detailed on Exhibits C-1 and C-2 of the CAFR.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2011 amounts to \$4,679,473 (net of accumulated depreciation). The capital assets consist of land, site improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2010-2011 amounted to \$306,183 for governmental activities and \$830 for business-type activities.

**Capital Assets at June 30, 2011 and 2010
(Net of Accumulated Depreciation)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 1,320,213	\$ 1,320,213			\$ 1,320,213	\$ 1,320,213
Improvements Other Than Buildings	78,973	85,154			78,973	85,154
Buildings and Building Improvements	3,035,282	3,209,459			3,035,282	3,209,459
Machinery and Equipment	<u>240,136</u>	<u>220,745</u>	\$ 4,869	\$ 5,699	<u>245,005</u>	<u>226,444</u>
Total Net Assets	<u>\$ 4,674,604</u>	<u>\$ 4,835,571</u>	<u>\$ 4,869</u>	<u>\$ 5,699</u>	<u>\$ 4,679,473</u>	<u>\$ 4,841,270</u>

Additional information on the District's capital assets is presented in "The Notes to the Basic Financial Statements" of this report.

LONG TERM LIABILITIES

At June 30, 2011 and 2010, the District's long-term liabilities consisted of the following:

	<u>2011</u>	<u>2010</u>
Pension Refunding Bonds	\$ 475,000	\$ 530,000
Loans Payable	667,014	874,361
Capital Leases	28,141	50,885
Compensated Absences Payable	<u>866,903</u>	<u>957,716</u>
 Total Net Assets	 <u>\$ 2,037,058</u>	 <u>\$ 2,412,962</u>

Additional information of the District's long-term liabilities is presented in "The Notes to the Basic Financial Statements" of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Currently, the District is in good financial condition. The District currently has \$352,258 of unassigned general fund surplus (budgetary basis). Everyone associated with Fairview Board of Education is grateful for the community support, as evidenced by the successful passage of the District's annual budget.

Many factors were considered by the District's administration during the process of developing the fiscal year 2011-2012 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator, Fairview Board of Education, Hamilton and Day Avenues, Fairview, NJ 07022.

BASIC FINANCIAL STATEMENTS

FAIRVIEW BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,177,309	\$ 12,796	\$ 1,190,105
Receivables, net			
Receivables from Other Governments	979,043	27,105	1,006,148
Deferred Charges	16,000		16,000
Capital Assets			
Not Being Depreciated	1,320,213		1,320,213
Being Depreciated, Net	<u>3,354,391</u>	<u>4,869</u>	<u>3,359,260</u>
Total Assets	<u>6,846,956</u>	<u>44,770</u>	<u>6,891,726</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,575,595	28,092	1,603,687
Payable to State Government	36,165		36,165
Unearned Revenue	10,206		10,206
Accrued Interest Payable	21,676		21,676
Noncurrent Liabilities			
Due Within One Year	288,167		288,167
Due Beyond One Year	<u>1,748,891</u>	<u>-</u>	<u>1,748,891</u>
Total Liabilities	<u>3,680,700</u>	<u>28,092</u>	<u>3,708,792</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	3,979,449	4,869	3,984,318
Restricted for			
Debt Service	3		3
Other Purposes	520,000		520,000
Unrestricted	<u>(1,333,196)</u>	<u>11,809</u>	<u>(1,321,387)</u>
Total Net Assets	<u>\$ 3,166,256</u>	<u>\$ 16,678</u>	<u>\$ 3,182,934</u>

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

**FAIRVIEW BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 10,761,698		\$ 1,537,382		\$ (9,224,316)		\$ (9,224,316)
Special Education	4,016,907		1,226,621		(2,790,286)		(2,790,286)
Other Instruction	961,057		124,169		(836,888)		(836,888)
School Sponsored Activities and Athletics	47,425				(47,425)		(47,425)
Support Services							
Instruction and Student Related Services	1,899,435		998,880		(900,555)		(900,555)
General Administrative Services	692,238		55,777		(636,461)		(636,461)
School Administrative Services	511,182		42,546		(468,636)		(468,636)
Plant Operations and Maintenance	1,563,608	\$ 11,120	39,534		(1,512,954)		(1,512,954)
Pupil Transportation	234,660		6,785		(227,875)		(227,875)
Central Services	554,815				(554,815)		(554,815)
Interest and Other Charges on Debt	61,444				(61,444)		(61,444)
Total Governmental Activities	21,304,469	11,120	4,031,694	-	(17,261,655)	-	(17,261,655)
Business-Type Activities							
Food Service	353,781	41,095	311,107			\$ (1,579)	(1,579)
Total Business-Type Activities	353,781	41,095	311,107	-	-	(1,579)	(1,579)
Total Primary Government	\$ 21,658,250	\$ 52,215	\$ 4,342,801	\$ -	(17,261,655)	(1,579)	(17,263,234)
General Revenues							
Property Taxes, Levied for General Purposes					12,012,159		12,012,159
Property Taxes, Levied for Debt Service					277,887		277,887
State Aid - Unrestricted					5,376,912		5,376,912
State Aid - Restricted for Debt Service					47,643		47,643
Investment Earnings					6,719		6,719
Miscellaneous Income					25,469		25,469
Transfers					(7,730)	7,730	-
Total General Revenues and Special Items					17,739,059	7,730	17,746,789
Change in Net Assets					477,404	6,151	483,555
Net Assets, Beginning of Year					2,688,852	10,527	2,699,379
Net Assets, End of Year					\$ 3,166,256	\$ 16,678	\$ 3,182,934

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

FUND FINANCIAL STATEMENTS

**FAIRVIEW BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,177,306		\$ 3	\$ 1,177,309
Receivables, Net				
Receivables from Other Governments	536,607	\$ 442,436		979,043
Due From Other Funds	<u>250,922</u>	<u>-</u>	<u>-</u>	<u>250,922</u>
Total Assets	<u>\$ 1,964,835</u>	<u>\$ 442,436</u>	<u>\$ 3</u>	<u>\$ 2,407,274</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 1,420,365	\$ 155,230		\$ 1,575,595
Payable to State Government		36,165		36,165
Deferred Revenue		10,206		10,206
Due to Other Funds	<u>-</u>	<u>250,922</u>	<u>-</u>	<u>250,922</u>
Total Liabilities	<u>1,420,365</u>	<u>452,523</u>	<u>-</u>	<u>1,872,888</u>
Fund Balances				
Restricted				
Tuition Reserve, Designated for Subsequent Year's Budget	200,000			200,000
Tuition Reserve	320,000			320,000
Debt Service Fund			\$ 3	3
Committed				
Encumbrances	102,552			102,552
Assigned				
Encumbrances	178,258			178,258
Designated for Subsequent Year's Budget	100,000			100,000
Unassigned	<u>(356,340)</u>	<u>(10,087)</u>	<u>-</u>	<u>(366,427)</u>
Total Fund Balances	<u>544,470</u>	<u>(10,087)</u>	<u>3</u>	<u>534,386</u>
Total Liabilities and Fund Balances	<u>\$ 1,964,835</u>	<u>\$ 442,436</u>	<u>\$ 3</u>	

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 \$11,217,957 and the accumulated depreciation is \$6,543,353.

4,674,604

The District has financed capital assets through the issuance of intergovernmental loans and long-term lease obligations. The interest accrual at year end is:

(21,676)

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

ERIP Refunding Bonds	\$ (475,000)
Less: Deferred Charge for Issuance Costs	16,000
Loans Payable	(667,014)
Capital Leases Payable	(28,141)
Compensated Absences	<u>(866,903)</u>

(2,021,058)

Net Assets of Governmental Activities

\$ 3,166,256

**FAIRVIEW BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 12,012,159		\$ 277,887	\$ 12,290,046
Interest	6,719			6,719
Miscellaneous	36,589	-	-	36,589
	<hr/>	<hr/>	<hr/>	<hr/>
Total - Local Sources	12,055,467	-	277,887	12,333,354
State Sources				
Federal Sources	7,263,047	\$ 217,498	47,643	7,528,188
	88,302	1,839,759	-	1,928,061
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	19,406,816	2,057,257	325,530	21,789,603
EXPENDITURES				
Current				
Regular Instruction	9,804,800	1,000,910		10,805,710
Special Education Instruction	3,915,496	106,094		4,021,590
Other Instruction	973,109			973,109
School-Sponsored Activities and Athletics	47,425			47,425
Support Services				
Instruction and Student Related Services	1,107,172	805,037		1,912,209
General Administrative Services	697,113			697,113
School Administrative Services	509,861			509,861
Plant Operations and Maintenance	1,289,053			1,289,053
Pupil Transportation	209,905			209,905
Central Services	561,680			561,680
Capital Outlay		145,216		145,216
Debt Service				
Principal	22,744		262,347	285,091
Interest and Other Charges	2,122	-	63,181	65,303
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	19,140,480	2,057,257	325,528	21,523,265
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	266,336	-	2	266,338
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(7,730)	-	-	(7,730)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources and Uses	(7,730)	-	-	(7,730)
Net Change in Fund Balances				
	258,606	-	2	258,608
Fund Balance, Beginning of Year	285,864	(10,087)	1	275,778
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	\$ 544,470	\$ (10,087)	\$ 3	\$ 534,386

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

**FAIRVIEW BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 258,608

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.

Capital Outlays	\$ 145,216	
Depreciation Expense	<u>(306,183)</u>	
		(160,967)

In the statement of activities, certain operating expenses - compensated absences and claims and judgements for self insurance claims - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Compensated Absences		90,813
----------------------	--	--------

The issuance of long term debt provides current financial resources to governmental funds, but has no effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Costs of Issuance - Current Year Amortization		(2,000)
---	--	---------

Repayment of debt service principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

ERIP Refunding Bonds	55,000	
Capital Leases	22,744	
Intergovernmental Loan	<u>207,347</u>	
		285,091

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>5,859</u>
------------------------------	--	--------------

Change in net assets of governmental activities (Exhibit A-2) **\$ 477,404**

**FAIRVIEW BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2011**

		Other Non-Major Enterprise Fund
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	12,796
Intergovernmental Receivable		
State		523
Federal		26,582
		<hr/>
Total Current Assets		39,901
		<hr/>
Capital Assets		
Equipment		18,393
Less: Accumulated Depreciation		(13,524)
		<hr/>
Total Capital Assets, Net		4,869
		<hr/>
Total Assets		44,770
		<hr/>
LIABILITIES		
Accounts Payable		28,092
		<hr/>
Total Liabilities		28,092
		<hr/>
NET ASSETS		
Invested in Capital Assets		4,869
Unrestricted		11,809
		<hr/>
Total Net Assets	\$	<u>16,678</u>

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

**FAIRVIEW BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Other Non-Major Enterprise Fund
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 41,095
 Total Operating Revenues	 <u>41,095</u>
OPERATING EXPENSES	
Cost of Sales	27,687
Purchased Services	314,229
Supplies and Materials	7,730
Other	3,305
Depreciation	830
 Total Operating Expenses	 <u>353,781</u>
 Operating Income (Loss)	 <u>(312,686)</u>
NONOPERATING REVENUES	
State Sources	
School Lunch Program	5,647
Federal Sources	
National School Lunch Program	276,248
School Breakfast Program	29,212
 Total Nonoperating Revenues	 <u>311,107</u>
 Net Income/(Loss)	 <u>(1,579)</u>
 Transfer In	 <u>7,730</u>
 Change in Net Assets	 6,151
 Total Net Assets, Beginning of Year	 <u>10,527</u>
 Total Net Assets, End of Year	 <u>\$ 16,678</u>

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

**FAIRVIEW BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Other Non-Major Enterprise Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 41,095
Cash Payments to Suppliers for Goods and Services	<u>(455,118)</u>
Net Cash (Used for) Operating Activities	<u>(414,023)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund	7,730
Cash Received from State and Federal Subsidy Reimbursements	<u>416,776</u>
Net Cash Provided by Noncapital Financing Activities	<u>424,506</u>
Net Increase in Cash and Cash Equivalents	10,483
Cash and Cash Equivalents, Beginning of Year	<u>2,313</u>
Cash and Cash Equivalents, End of Year	<u>\$ 12,796</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating (Loss)	\$ <u>(312,686)</u>
Adjustments to Reconcile Operating Loss to Net Cash (Used for) Operating Activities	
Depreciation	830
Change in Assets and Liabilities	
Increase (Decrease) in Accounts Payable	<u>(102,167)</u>
Total Adjustments	<u>(101,337)</u>
Net Cash (Used for) Operating Activities	<u>\$ (414,023)</u>

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

**FAIRVIEW BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2011**

	<u>Agency Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>197,654</u>
Total Assets	\$ <u>197,654</u>
LIABILITIES	
Payroll Deductions and Withholdings	\$ 14,785
Accrued Salaries and Wages	124,903
Due to Student Groups	<u>57,966</u>
Total Liabilities	\$ <u>197,654</u>

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

**FAIRVIEW BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Fairview Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Fairview Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The district-wide financial statements report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District considers all of its governmental funds to be major funds.

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when 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 Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the child nutrition programs.

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund is charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

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

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Tuition Expenditures - Tuition charges for the fiscal years 2009-2010 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Inventories*

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

**FAIRVIEW BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

4. *Capital Assets (Continued)*

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Site Improvements	15-30
Buildings	40
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

5. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds do not permit the accumulation of unused vacation, personal and sick leave. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

6. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. *Fund Equity*

Beginning with fiscal year 2010/2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Tuition Reserve – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments and is required to be liquidated in the second year following the contract year with any remaining balance related to that contract year to be reserved and budgeted for property tax relief.

Tuition Reserve – Designated for Subsequent Year's Budget – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments for the 2008/2009 and 2009/2010 contract year that is appropriated in the 2011/2012 original budget certified for taxes.

Debt Service – Represents fund balance restricted for the repayment of long-term debt principal and interest in the Debt Service Fund.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustees for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

Encumbrances – Represents outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. Fund Equity (Continued)

Unassigned Fund Balance – Represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

8. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original budget by \$1,023,478. The increase was funded by federal aid, grant awards and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**FAIRVIEW BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Encumbrance accounting is employed in the governmental funds. 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 committed and/or assigned 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 which are reappropriated and honored during the subsequent fiscal year.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Instruction			
Tuition to Other Lea's Within State – Regular	\$5,438,998	\$5,758,998	\$320,000

The above variances were offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned deficit fund balance of \$356,340 in the General Fund and \$10,087 in the Special Revenue Fund as of June 30, 2011 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2010/2011 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund balance deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficits in the GAAP (fund) financial statements are equal to or less than the delayed state aid payments.

**FAIRVIEW BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$1,387,759 and bank balances of the Board's cash and deposits amounted to \$2,562,382. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>2,562,382</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk, however, the Board's bank deposits were not exposed to custodial credit risk.

As of June 30, 2011, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2011 for the district's individual major funds and nonmajor funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 536,607	\$ 442,436	\$ 27,105	\$ 1,006,148
Gross Receivables	536,607	442,436	27,105	1,006,148
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 536,607</u>	<u>\$ 442,436</u>	<u>\$ 27,105</u>	<u>\$ 1,006,148</u>

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 10,206
Total Deferred Revenue for Governmental Funds	<u>\$ 10,206</u>

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,320,213	-	-	\$ 1,320,213
Total Capital Assets, Not Being Depreciated	<u>1,320,213</u>	<u>-</u>	<u>-</u>	<u>1,320,213</u>
Capital Assets, Being Depreciated:				
Site Improvements	230,568			230,568
Buildings and Building Improvements	8,294,639	\$ 90,564		8,385,203
Machinery and Equipment	1,227,321	54,652	-	1,281,973
Total Capital Assets Being Depreciated	<u>9,752,528</u>	<u>145,216</u>	<u>-</u>	<u>9,897,744</u>
Less Accumulated Depreciation for:				
Site Improvements	(145,414)	(6,181)		(151,595)
Buildings and Building Improvements	(5,085,180)	(264,741)		(5,349,921)
Machinery and Equipment	(1,006,576)	(35,261)	-	(1,041,837)
Total Accumulated Depreciation	<u>(6,237,170)</u>	<u>(306,183)</u>	<u>-</u>	<u>(6,543,353)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,515,358</u>	<u>(160,967)</u>	<u>-</u>	<u>3,354,391</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,835,571</u>	<u>\$ (160,967)</u>	<u>\$ -</u>	<u>\$ 4,674,604</u>

**FAIRVIEW BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2011</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 18,393	-	-	\$ 18,393
Total Capital Assets Being Depreciated	<u>18,393</u>	<u>-</u>	<u>-</u>	<u>18,393</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(12,694)	\$ (830)	-	(13,524)
Total Accumulated Depreciation	<u>(12,694)</u>	<u>(830)</u>	<u>-</u>	<u>(13,524)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,699</u>	<u>(830)</u>	<u>-</u>	<u>4,869</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,699</u>	<u>\$ (830)</u>	<u>\$ -</u>	<u>\$ 4,869</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Instruction		
Regular		\$ 884
Support Services		
General Administration		539
School Administration		5,450
Operations and Maintenance of Plant		274,555
Student Transportation		<u>24,755</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 306,183</u>

Business-Type Activities:

Food Service Fund	<u>\$ 830</u>
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**FAIRVIEW BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 250,922</u>

The above balances are to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

Interfund transfers

	<u>Transfer In:</u>	
	<u>Enterprise Service</u>	<u>Total</u>
Transfer Out:		
General Fund	<u>\$ 7,730</u>	<u>\$ 7,730</u>
 Total Transfers Out	<u>\$ 7,730</u>	<u>\$ 7,730</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

E. Leases

Capital Leases

The District currently is in a five year lease for school buses.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 19,822
2013	<u>9,839</u>
Total Minimum Lease Payments	29,661
Less: Amount Representing Interest	<u>1,520</u>
Present Value of Minimum Lease Payments	<u>\$ 28,141</u>

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

General Obligation Bonds

The Board issued pension refunding bonds to finance the unfunded pension liability pertaining to the District's participation in the State's Pension retirement Incentive Program. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2011 are comprised of the following issues:

\$800,000, 2003 ERIP Refunding Bonds, due in annual installments of \$55,000 to \$80,000 through October 1, 2017, interest at 5.50% to 5.75%	<u>\$475,000</u>
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Intergovernmental Loan Payable

The Board has entered into loan agreements with the New Jersey Economic Development Agency to provide funds for the acquisition and construction of major capital facilities.

Loans payable at June 30, 2011 are comprised of the following:

\$275,091, 1993 Loan due in Semi-annual Installments of \$14,479 through July 15, 2013 interest at 1.50%	\$43,437
\$825,275, 1993 Loan Due in Annual Installments of \$56,043 to \$61,140 Through July 15, 2013, interest at 5.288%	175,712
\$577,258, 1993 Loan due in Semi-Annual Installments of \$30,382 through July 15, 2013, interest at 1.80%	91,146
\$1,731,794, 1993 Loan due in Semi-Annual Installments of \$113,601 through \$124,299 Through July 15, 2013, interest at 5.288%	<u>356,719</u>
Grand Total	<u>\$667,014</u>

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

<u>Fiscal Year</u>	<u>Intergovernmental Loan</u>		<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 214,505	\$ 25,352	\$ 55,000	\$ 25,350	\$ 320,207
2013	222,209	15,504	60,000	22,188	319,901
2014	230,300	5,239	65,000	18,750	319,289
2015			70,000	14,950	84,950
2016			70,000	10,925	80,925
2017-2018	<u>-</u>	<u>-</u>	<u>155,000</u>	<u>9,056</u>	<u>164,056</u>
	<u>\$ 667,014</u>	<u>\$ 46,095</u>	<u>\$ 475,000</u>	<u>\$ 101,219</u>	<u>\$ 1,289,328</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 43,267,112
Less: Net Debt	<u>667,014</u>
Remaining Borrowing Power	<u>\$ 42,600,098</u>

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 530,000		\$ 55,000	\$ 475,000	\$ 55,000
Intergovernmental Loans	874,361		207,347	667,014	214,505
Capital Leases	50,885		22,744	28,141	18,662
Compensated Absences	<u>957,716</u>	<u>-</u>	<u>90,813</u>	<u>866,903</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 2,412,962</u>	<u>\$ -</u>	<u>\$ 375,904</u>	<u>\$ 2,037,058</u>	<u>\$ 288,167</u>

For the governmental activities, compensated absences and capital leases are liquidated by the general fund.

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board is a member of the New Jersey Educational Insurance Fund administered by the New Jersey School Boards Association Insurance Group. The Fund provides coverage to guard against these events and to minimize exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

The Fund provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2011, the District has no estimated arbitrage earnings due to the IRS.

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

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

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

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Significant Legislation

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

**FAIRVIEW BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2011	\$ 166,606	\$ 19,459	\$ 244
2010	129,911	20,098	
2009	117,293	19,423	

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the last three fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$19,459, \$20,098 and \$19,423 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$457,543 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$413,311, \$377,476 and \$370,532, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**FAIRVIEW BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 12,012,159		\$ 12,012,159	\$ 12,012,159	
Interest				6,719	\$ 6,719
Miscellaneous	5,000	-	5,000	36,589	31,589
Total Local Sources	<u>12,017,159</u>	<u>-</u>	<u>12,017,159</u>	<u>12,055,467</u>	<u>38,308</u>
State Sources					
Special Education Aid	473,740		473,740	867,132	393,392
Equalization Aid	5,679,595		5,679,595	5,286,203	(393,392)
Extraordinary Aid				172,063	172,063
On-behalf TPAF (Non Budgeted)					
Pension - NCGI				19,459	19,459
Pension - Post Retirement Contribution				413,311	413,311
Social Security Payments	-	-	-	457,543	457,543
Total State Sources	<u>6,153,335</u>	<u>-</u>	<u>6,153,335</u>	<u>7,215,711</u>	<u>1,062,376</u>
Federal Sources					
Education Jobs Fund		\$ 235,310	235,310	70,194	(165,116)
Medicaid Assistance Program (SEMI)	23,312	-	23,312	18,108	(5,204)
Total Federal Sources	<u>23,312</u>	<u>235,310</u>	<u>258,622</u>	<u>88,302</u>	<u>(170,320)</u>
Total Revenues	<u>18,193,806</u>	<u>235,310</u>	<u>18,429,116</u>	<u>19,359,480</u>	<u>930,364</u>
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	66,350	51,800	118,150	117,340	810
Kindergarten	382,944	(56,874)	326,070	278,335	47,735
Grades 1-5	1,428,592	93,481	1,522,073	1,521,690	383
Grades 6-8	902,899	(137,065)	765,834	702,436	63,398
Regular Programs - Home Instruction					
Other Salaries for Instruction	10,000	12,130	22,130	20,470	1,660
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	62,715	40,808	103,523	96,060	7,463
Other Purchased Services	29,340	(3,236)	26,104	24,360	1,744
General Supplies	96,000	77,717	173,717	97,600	76,117
Textbooks	25,000	11,000	36,000	10,806	25,194
Other Objects	60,000	(25,206)	34,794	31,666	3,128
Total Regular Programs	<u>3,063,840</u>	<u>64,555</u>	<u>3,128,395</u>	<u>2,900,763</u>	<u>227,632</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	192,210	600	192,810	192,810	-
Other Salaries for Instruction	43,378	15,308	58,686	46,437	12,249
General Supplies	8,000		8,000	7,657	343
Textbooks	2,000		2,000	114	1,886
Other Objects	250	-	250	-	250
Total Learning and/or Language Disabilities	<u>245,838</u>	<u>15,908</u>	<u>261,746</u>	<u>247,018</u>	<u>14,728</u>
Resource Room/Resource Center					
Salaries of Teachers	571,800	20,992	592,792	592,792	
General Supplies	6,500		6,500	6,434	66
Textbooks	4,000		4,000		4,000
Other Objects	900	-	900	-	900
Total Resource Room/Resource Center	<u>583,200</u>	<u>20,992</u>	<u>604,192</u>	<u>599,226</u>	<u>4,966</u>

**FAIRVIEW BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Preschool Disabilities - Full Time					
Salaries	\$ 92,720	\$ (1,621)	\$ 91,099	\$ 80,447	\$ 10,652
Other Salaries for Instruction	29,109	(6,000)	23,109	18,796	4,313
General Supplies	3,000		3,000	549	2,451
Other Objects	250	-	250	-	250
Total Preschool Disabilities - Full Time	<u>125,079</u>	<u>(7,621)</u>	<u>117,458</u>	<u>99,792</u>	<u>17,666</u>
Autism					
Other Salaries for Instruction	<u>25,575</u>	<u>(1,687)</u>	<u>23,888</u>	<u>18,661</u>	<u>5,227</u>
Total Autism	<u>25,575</u>	<u>(1,687)</u>	<u>23,888</u>	<u>18,661</u>	<u>5,227</u>
Total Special Education	<u>979,692</u>	<u>27,592</u>	<u>1,007,284</u>	<u>964,697</u>	<u>42,587</u>
Basic Skills/Remedial					
Salaries of Teachers	446,185	(37,187)	408,998	404,864	4,134
General Supplies	3,600		3,600	351	3,249
Textbooks	1,100		1,100		1,100
Other Objects	700	-	700	181	519
Total Basic Skills/Remedial	<u>451,585</u>	<u>(37,187)</u>	<u>414,398</u>	<u>405,396</u>	<u>9,002</u>
Bilingual Education					
Salaries of Teachers	282,362	16,016	298,378	298,378	
General Supplies	2,000		2,000	1,038	962
Textbooks	2,500		2,500		2,500
Other Objects	300	-	300	-	300
Total Bilingual Education	<u>287,162</u>	<u>16,016</u>	<u>303,178</u>	<u>299,416</u>	<u>3,762</u>
School Sponsored Cocurricular Activities					
Salaries	21,307	1,650	22,957	20,785	2,172
Supplies and Materials	1,750	(1,651)	99	-	99
Total School Sponsored Cocurricular Activities	<u>23,057</u>	<u>(1)</u>	<u>23,056</u>	<u>20,785</u>	<u>2,271</u>
School Sponsored Athletics					
Salaries	13,720		13,720	13,720	
Purchased Services	1,000		1,000		1,000
Supplies and Materials	1,500	-	1,500	1,261	239
Total School Sponsored Athletics	<u>16,220</u>	<u>-</u>	<u>16,220</u>	<u>14,981</u>	<u>1,239</u>
Total Instruction	<u>4,821,556</u>	<u>70,975</u>	<u>4,892,531</u>	<u>4,606,038</u>	<u>286,493</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Reg.	5,111,125	327,873	5,438,998	5,758,998	(320,000)
Tuition to Other LEAs Within the State-Spec.	1,476,363	94,474	1,570,837	1,566,140	4,697
Tuition to County Voc. School Dist.-Regular	95,400	(18,487)	76,913	76,913	
Tuition to County Voc. School Dist.-Special	51,000	(25,500)	25,500	25,500	
Tuition to CSSD & Reg. Day Schools	828,025	(83,254)	744,771	744,771	
Tuition to Priv. Sch. for the Disabled Within the State	337,043	(75,063)	261,980	261,980	-
Total Undistributed Expenditures - Instruction	<u>7,898,956</u>	<u>220,043</u>	<u>8,118,999</u>	<u>8,434,302</u>	<u>(315,303)</u>

**FAIRVIEW BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 127,881	-	\$ 127,881	\$ 121,793	\$ 6,088
Total Attendance and Social Work Services	<u>127,881</u>	<u>-</u>	<u>127,881</u>	<u>121,793</u>	<u>6,088</u>
Health Services					
Salaries	153,550		153,550	153,550	
Purchased Professional and Technical Services	25,000	\$ 40,000	65,000	26,971	38,029
Supplies and Materials	9,000	-	9,000	3,992	5,008
Total Health Services	<u>187,550</u>	<u>40,000</u>	<u>227,550</u>	<u>184,513</u>	<u>43,037</u>
Speech, OT, PT & Related Services					
Salaries	116,242		116,242	116,034	208
Purchased Professional-Educational Services	33,000	61,621	94,621	63,827	30,794
Supplies and Materials	500	-	500	-	500
Total Speech, OT, PT & Related Services	<u>149,742</u>	<u>61,621</u>	<u>211,363</u>	<u>179,861</u>	<u>31,502</u>
Child Study Teams					
Salaries of Other Professional Staff	242,903		242,903	218,325	24,578
Salaries of Secretarial and Clerical Assistants	79,655	-	79,655	78,646	1,009
Total Child Study Teams	<u>322,558</u>	<u>-</u>	<u>322,558</u>	<u>296,971</u>	<u>25,587</u>
Educational Media Services/School Library					
Salaries	57,875		57,875	57,075	800
Supplies and Materials	5,000	-	5,000	1,746	3,254
Total Educational Media Serv./School Library	<u>62,875</u>	<u>-</u>	<u>62,875</u>	<u>58,821</u>	<u>4,054</u>
Instructional Staff Training Services					
Purchased Professional/Educational Services	3,535	-	3,535	1,321	2,214
Total Instructional Staff Training Services	<u>3,535</u>	<u>-</u>	<u>3,535</u>	<u>1,321</u>	<u>2,214</u>
Support Services General Administration					
Salaries	320,024		320,024	315,895	4,129
Legal Services	42,000		42,000	42,000	
Audit Fees	48,000	46,800	94,800	45,300	49,500
Architectural/Engineering Fees	24,000	10,000	34,000	4,401	29,599
Other Purchased Professional Services					
Purchased Technical Services	50,000	(16,748)	33,252	11,520	21,732
Communications/Telephone	39,200	7,300	46,500	16,948	29,552
Other Purchased Services	91,500	(4,989)	86,511	73,861	12,650
General Supplies	23,200	4,453	27,653	27,497	156
Miscellaneous Expenditures	20,000	9,984	29,984	29,984	
BOE Membership Dues and Fees	9,300	-	9,300	9,188	112
Total Support Services General Administration	<u>667,224</u>	<u>56,800</u>	<u>724,024</u>	<u>576,594</u>	<u>147,430</u>

**FAIRVIEW BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principal/Asst. Principals	\$ 277,340	\$ (12,274)	\$ 265,066	\$ 240,962	\$ 24,104
Salaries of Secretarial and Clerical Assistants	120,945	12,274	133,219	132,273	946
Total Support Services School Administration	<u>398,285</u>	<u>-</u>	<u>398,285</u>	<u>373,235</u>	<u>25,050</u>
Central Services					
Salaries	406,705	(40,340)	366,365	366,031	334
Supplies and Materials	22,000	-	22,000	14,470	7,530
Total Central Services	<u>428,705</u>	<u>(40,340)</u>	<u>388,365</u>	<u>380,501</u>	<u>7,864</u>
Admin. Info. Technology					
Salaries	34,560		34,560	34,560	
Other Purchased Services	15,000	-	15,000	11,258	3,742
Total Admin. Info. Technology	<u>49,560</u>	<u>-</u>	<u>49,560</u>	<u>45,818</u>	<u>3,742</u>
Required Maintenance for School Facilities					
Salaries	57,655		57,655	54,105	3,550
Cleaning, Repair and Maintenance Services	59,000	2,500	61,500	52,165	9,335
General Supplies	22,000	10,741	32,741	30,381	2,360
Total Required Maintenance for School Facilities	<u>138,655</u>	<u>13,241</u>	<u>151,896</u>	<u>136,651</u>	<u>15,245</u>
Custodial Services					
Salaries	410,881	(8,484)	402,397	333,282	69,115
Purchased Prof. And Technical Serv.	30,000	(22,741)	7,259	3,790	3,469
Cleaning, Repair and Maint. Serv.	155,000	(5,375)	149,625	113,055	36,570
Rental of Land and Bldg. Oth. Than Lease Purch. Agree.	137,863		137,863	137,228	635
Other Purchased Property Services	8,500	3,000	11,500	10,695	805
Insurance	150,725	(1,000)	149,725	108,821	40,904
Miscellaneous Purchased Services	3,500	(2,000)	1,500	1,330	170
General Supplies	42,500	8,000	50,500	49,445	1,055
Energy (Natural Gas)	104,000	(37,227)	66,773	60,367	6,406
Energy (Electricity)	192,000	-	192,000	153,073	38,927
Total Custodial Services	<u>1,234,969</u>	<u>(65,827)</u>	<u>1,169,142</u>	<u>971,086</u>	<u>198,056</u>
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	-	1,000	1,000	585	415
Total Care and Upkeep of Grounds	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>585</u>	<u>415</u>
Security					
Salaries	37,620	900	38,520	37,246	1,274
Other Objects	500	-	500	-	500
Total Security	<u>38,120</u>	<u>900</u>	<u>39,020</u>	<u>37,246</u>	<u>1,774</u>

**FAIRVIEW BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	\$ 46,000	\$ (37,670)	\$ 8,330	\$ 2,004	\$ 6,326
Salaries for Pupil Transportation (Between Home and School) - Special	76,500	11,027	87,527	87,407	120
Salaries for Pupil Transportation (Other Than Between Home and School)	9,000	(9,000)			
Other Purchased Professional and Technical Services					
Cleaning, Repair and Maintenance Services	9,500	(1,323)	8,177	5,499	2,678
Lease Purchase Payments - School Buses	24,314	552	24,866	24,866	
Contracted Services (Between Home and School)-Vendors		41,667	41,667	38,554	3,113
Contracted Services (Special Education) - Vendors		10,295	10,295	10,295	
Misc. Purchased Serv. - Transportation	18,400	(1,852)	16,548	16,216	332
Supplies and Materials	17,000	2,765	19,765	19,718	47
Other Objects	500	-	500	-	500
Total Student Transportation Services	<u>201,214</u>	<u>16,461</u>	<u>217,675</u>	<u>204,559</u>	<u>13,116</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	122,000	13,004	135,004	63,815	71,189
Other Retirement Contributions - Regular	140,000	38,654	178,654	166,850	11,804
Unemployment Compensation	35,000	(44)	34,956	16,691	18,265
Health Benefits	1,421,864	(172,082)	1,249,782	1,249,782	
Other Employee Benefits	125,057	37,704	162,761	122,134	40,627
Total Unallocated Benefits - Employee Benefits	<u>1,843,921</u>	<u>(82,764)</u>	<u>1,761,157</u>	<u>1,619,272</u>	<u>141,885</u>
On-Behalf TPAF (Non Budgeted)					
Pension - NCGI				19,459	(19,459)
Pension - Post Retirement Contribution				413,311	(413,311)
Social Security Payments	-	-	-	457,543	(457,543)
Total On-Behalf TPAF	<u>-</u>	<u>-</u>	<u>-</u>	<u>890,313</u>	<u>(890,313)</u>
Total Undistributed Expenditures	<u>13,753,750</u>	<u>221,135</u>	<u>13,974,885</u>	<u>14,513,442</u>	<u>(538,557)</u>
Total Current Expenditures	<u>18,575,306</u>	<u>292,110</u>	<u>18,867,416</u>	<u>19,119,480</u>	<u>(252,064)</u>
CAPITAL OUTLAY					
Equipment					
Preschool	2,500	(2,500)			
Grades 1-5	2,500	(2,500)			
Grades 6-8	2,500	(865)	1,635		1,635
Undistributed Expenditures					
Operation and Maintenance of Plant Services	-	5,865	5,865	-	5,865
Total Equipment	<u>7,500</u>	<u>-</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Total Capital Outlay	<u>7,500</u>	<u>-</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>

**FAIRVIEW BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
SPECIAL SCHOOLS					
Summer School Instruction					
Salaries of Teachers	\$ 21,000	-	\$ 21,000	\$ 21,000	-
Total Special Schools	21,000	-	21,000	21,000	-
Total General Fund Expenditures	18,603,806	\$ 292,110	18,895,916	19,140,480	\$ (244,564)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(410,000)	(56,800)	(466,800)	219,000	685,800
Other Financing Sources (Uses) Transfers Out - Food Service	(10,000)	-	(10,000)	(7,730)	2,270
Total Other Financing Sources (Uses)	(10,000)	-	(10,000)	(7,730)	2,270
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(420,000)	(56,800)	(476,800)	211,270	688,070
Fund Balance, Beginning of Year	1,041,798	-	1,041,798	1,041,798	-
Fund Balance, End of Year	\$ 621,798	\$ (56,800)	\$ 564,998	\$ 1,253,068	\$ 688,070
Recapitulation					
Restricted					
Tuition Reserve - Designated for Subsequent Year's Budget				\$ 200,000	
Tuition				320,000	
Committed					
Encumbrances				102,552	
Assigned					
Encumbrances				178,258	
Designated for Subsequent Year's Budget				100,000	
Unassigned				352,258	
Budgetary Fund Balance				1,253,068	
Reconciliation to Governmental Funds Statement (GAAP) Basis					
Extraordinary Aid Payment Not Recognized on GAAP Basis				(172,063)	
State Aid Payments Not Recognized on GAAP Basis				(536,535)	
Fund Balances Per Governmental Funds (GAAP)				\$ 544,470	

**FAIRVIEW BOARD OF EDUCATION
GENERAL FUND - EDUCATION JOBS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Federal Sources					
Education Jobs Fund	-	\$ 235,310	\$ 235,310	\$ 70,194	\$ (165,116)
Total Revenues	-	235,310	235,310	70,194	(165,116)
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten		75,677	75,677	29,452	46,225
Grades 6-8		84,921	84,921	21,522	63,399
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	-	12,000	12,000	4,537	7,463
Total Instruction - Regular Programs	-	172,598	172,598	55,511	117,087
Unallocated Benefits - Employee Benefits					
Social Security Contributions		13,204	13,204	4,247	8,957
Other Retirement Contributions - Regular		11,804	11,804		11,804
Health Benefits	-	37,704	37,704	10,436	27,268
Total Unallocated Benefits - Employee Benefits	-	62,712	62,712	14,683	48,029
Total Expenditures	-	235,310	235,310	70,194	165,116
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**FAIRVIEW BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Miscellaneous					
Local		\$ 10,206	\$ 10,206		\$ (10,206)
Intergovernmental					
State	\$ 215,347	38,315	253,662	\$ 217,498	(36,164)
Federal	1,240,575	682,847	1,923,422	1,784,860	(138,562)
Total Revenues	<u>1,455,922</u>	<u>731,368</u>	<u>2,187,290</u>	<u>2,002,358</u>	<u>(184,932)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	731,726	122,041	853,767	828,811	24,956
Other Salaries for Instruction	66,847	(32,304)	34,543	31,980	2,563
Purchased Prof and Educational Svcs	78,284	27,476	105,760	80,611	25,149
Other Purchased Services / Tuition	8,709	57,801	66,510	61,510	5,000
General Supplies	9,762	75,852	85,614	82,170	3,444
Textbooks	14,517	(364)	14,153	14,143	10
Other Objects	3,000	11,625	14,625	7,779	6,846
Total Instruction	<u>912,845</u>	<u>262,127</u>	<u>1,174,972</u>	<u>1,107,004</u>	<u>67,968</u>
Support Services					
Salaries of Supervisors of Instruction	52,672	19,118	71,790	53,390	18,400
Salaries of Program Directors	26,000	-	26,000	26,000	-
Salaries of Other Professional Staff	28,430	52,889	81,319	70,448	10,871
Salaries of Secretarial and Clerical Asst.	5,971	-	5,971	5,971	-
Other Salaries for Instruction	45,620	13,220	58,840	47,848	10,992
Personal Services-Employee Benefits	151,494	36,115	187,609	180,840	6,769
Purchased Professional and Technical Svc.	17,216	(446)	16,770	16,770	-
Purchased Prof. and Educational Services	166,028	256,303	422,331	379,737	42,594
Other Purchased Services	26,000	(22,642)	3,358	3,358	-
Supplies and Materials	23,646	(1,438)	22,208	20,428	1,780
Total Support Services	<u>543,077</u>	<u>353,119</u>	<u>896,196</u>	<u>804,790</u>	<u>91,406</u>
Capital Outlay					
Buildings and Improvements	-	100,770	100,770	90,564	10,206
Instructional Equipment	-	3	3	-	3
Non-Instructional Equipment	-	15,349	15,349	-	15,349
Total Capital Outlay	<u>-</u>	<u>116,122</u>	<u>116,122</u>	<u>90,564</u>	<u>25,558</u>
Total Expenditures	<u>1,455,922</u>	<u>731,368</u>	<u>2,187,290</u>	<u>2,002,358</u>	<u>184,932</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Less: State Aid Payment Not Recognized on GAAP Basis				(10,087)	
Fund Balance, (GAAP Basis) End of Year				<u>\$ (10,087)</u>	

**FAIRVIEW BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Funds 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 following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	General Fund		Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 19,359,480	(C-2)	\$ 2,002,358
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - June 30, 2011			54,899
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements - Current Year	(708,598)		
State Aid payment recognized for GAAP Statements, not recognized for budgetary purposes - Prior Year	<u>755,934</u>		<u>-</u>
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>19,406,816</u>	(B-2)	\$ <u>2,057,257</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 19,140,480	(C-2)	\$ 2,002,358
Difference - Budget to GAAP:			
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and services are received for financial reporting purposes - June 30, 2011	<u>-</u>		<u>54,899</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>19,140,480</u>	(B-2)	\$ <u>2,057,257</u>

SPECIAL REVENUE FUND

FAIRVIEW BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Community Development Grant	Chapter 192				Chapter 193		Total Page 2	Grand Total
		Preschool Education Aid	Nonpublic Textbook	Nonpublic Nursing Aid	Nonpublic ESL	Nonpublic Comp. Ed.	Supplemental Instruction		
REVENUES									
Intergovernmental									
State	\$ 90,564	\$ 100,872	\$ 14,143	\$ 16,770	\$ 854	\$ 63,549	\$ 4,864	\$ 11,344	\$ 217,498
Federal									\$ 1,784,860
Total Revenues	\$ 90,564	\$ 100,872	\$ 14,143	\$ 16,770	\$ 854	\$ 63,549	\$ 4,864	\$ 11,344	\$ 2,002,358
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ -	\$ 41,000					\$ -		\$ 787,811
Other Salaries for Instruction		10,000							21,980
Purchased Prof. and Educational Services			\$ -		\$ 854	\$ 63,549	\$ 4,864	\$ 11,344	80,611
Other Purchased Services / Tuition		4,000							61,510
General Supplies			\$ -						78,170
Textbooks			\$ 14,143						14,143
Other Objects									7,779
Total Instruction	\$ -	\$ 55,000	\$ 14,143	\$ -	\$ 854	\$ 63,549	\$ 4,864	\$ 11,344	\$ 957,250
Support Services									
Salaries of Supervisors of Instruction		6,000							47,390
Salaries of Program Directors		26,000							26,000
Salaries of Other Professional Staff									70,448
Salaries of Secretarial and Clerical Asst.		5,971							5,971
Other Salaries for Instruction									47,848
Personal Services - Employee Benefits		7,901							172,939
Purchase Prof. and Educational Services								\$ 5,102	180,840
Purchased Professional and Technical Svc.				\$ 16,770					379,737
Other Purchased Services									16,770
Supplies and Materials									3,358
Total Support Services	\$ -	\$ 45,872	\$ -	\$ 16,770	\$ -	\$ -	\$ -	\$ 5,102	\$ 737,046
Facilities Acquisition and Construction									
Buildings and Improvements	\$ 90,564								90,564
Total Facilities Acquisition and Construction	\$ 90,564								90,564
Total Expenditures	\$ 90,564	\$ 100,872	\$ 14,143	\$ 16,770	\$ 854	\$ 63,549	\$ 4,864	\$ 11,344	\$ 2,002,358

FAIRVIEW BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	ARRA Title I	IDEIA Part B- Basic	ARRA IDEIA Basic	IDEIA Part B Preschool	Title III Immigrant	Title II Part A	Title II Part D	Page Total
REVENUES								
Intergovernmental								
State	\$ 781,355	\$ 405,372	\$ 161,570	\$ 8,266	\$ 44,786	\$ 71,075	\$ 2,303	\$ 1,694,296
Federal	\$ 781,355	\$ 405,372	\$ 161,570	\$ 8,266	\$ 44,786	\$ 71,075	\$ 2,303	\$ 1,694,296
Total Revenues								
	\$ 781,355	\$ 405,372	\$ 161,570	\$ 8,266	\$ 44,786	\$ 71,075	\$ 2,303	\$ 1,694,296
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 496,925	\$ 182,610	\$ 25,044	\$ 37,322	\$ 45,910	\$ 787,811	\$	21,980
Other Salaries for Instruction	45,308	16,202	16,434			61,510		78,170
Other Purchased Services / Tuition	59,289	2,447	7,779					7,779
General Supplies								
Textbooks								
Other Objects								
Total Instruction	\$ 601,522	\$ 182,610	\$ 49,257	\$ 37,322	\$ 45,910	\$ 957,250	\$	47,390
Support Services								
Salaries of Supervisors of Instruction		47,390						70,448
Salaries of Program Directors								
Salaries of Other Professional Staff		70,448						47,848
Salaries of Secretarial and Clerical Asst.		42,762		5,086				172,939
Other Salaries for Instruction		27,934	597	1,017		9,182		374,635
Personal Services - Employee Benefits	99,387	27,338			7,464	14,983	576	3,358
Purchase Prof. and Educational Services	70,275	174,922	111,716	2,163				20,428
Purchased Professional and Technical Svc.	2,358					1,000		
Other Purchased Services	7,813	1,287					1,727	
Supplies and Materials								
Total Support Services	\$ 179,833	\$ 364,743	\$ 112,313	\$ 8,266	\$ 7,464	\$ 25,165	\$ 2,303	\$ 737,046
Facilities Acquisition and Construction								
Buildings and Improvements								
Instructional Equipment								
Non-Instructional Equipment								
Total Facilities Acq. and Construction	\$	\$	\$	\$	\$	\$	\$	\$
Total Expenditures	\$ 781,355	\$ 209,968	\$ 161,570	\$ 8,266	\$ 44,786	\$ 71,075	\$ 2,303	\$ 1,694,296

**FAIRVIEW BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
STATEMENT OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>2011</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
Instruction			
Salaries of Teachers	\$ 41,000	\$ 41,000	-
Other Salaries for Instruction	10,000	10,000	-
General Supplies	4,000	4,000	-
Total Instruction	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Support Services			
Salaries of Supervisors of Instruction	6,000	6,000	-
Salaries of Program Directors	26,000	26,000	-
Salaries of Secretaries And Clerical Assistants	5,971	5,971	-
Personal Services - Employee Benefits	7,901	7,901	-
Total Support Services	<u>45,872</u>	<u>45,872</u>	<u>-</u>
Total Expenditures	<u>\$ 100,872</u>	<u>\$ 100,872</u>	<u>\$ -</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2010-2011 Preschool Education Aid Allocation	\$ <u>100,872</u>
Total Preschool Education Aid Funds Available for 2010-2011 Budget	-
Less: 2010-2011 Budgeted Preschool Education Aid	<u>100,872</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2011	-
Add: June 30, 2011 Unexpended Preschool Education Aid	-
2010-2011 Carryover - Preschool Education Aid/Preschool	<u>\$ -</u>
2010-2011 Preschool Education Aid Carryover Budgeted for Preschool Programs 2011-2012	<u>\$ -</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

CAPITAL PROJECTS FUND

(NOT APPLICABLE)

ENTERPRISE FUND

SCHEDULE G-1

**FAIRVIEW BOARD OF EDUCATION
ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

SCHEDULE G-2

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

SCHEDULE G-3

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**FAIRVIEW BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET ASSETS
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 57,966	\$ 139,688	\$ 197,654
Total Assets	<u>\$ 57,966</u>	<u>\$ 139,688</u>	<u>\$ 197,654</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 14,785	\$ 14,785
Accrued Salaries and Wages		124,903	124,903
Due to Student Groups	\$ 57,966	-	57,966
Total Liabilities	<u>\$ 57,966</u>	<u>\$ 139,688</u>	<u>\$ 197,654</u>

**FAIRVIEW BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**FAIRVIEW BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Balance, July 1, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2011</u>
ASSETS				
Cash and Cash Equivalents	\$ 62,012	\$ 69,736	\$ 73,782	\$ 57,966
Total	<u>\$ 62,012</u>	<u>\$ 69,736</u>	<u>\$ 73,782</u>	<u>\$ 57,966</u>
LIABILITIES				
Due to Student Groups	\$ 62,012	\$ 69,736	\$ 73,782	\$ 57,966
Total	<u>\$ 62,012</u>	<u>\$ 69,736</u>	<u>\$ 73,782</u>	<u>\$ 57,966</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Balance, July 1, <u>2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	Balance, June 30, <u>2011</u>
Accrued Salaries and Wages	\$ 118,885	\$ 7,948,663	\$ 7,942,645	\$ 124,903
Payroll Deductions and Withholdings	<u>68,657</u>	<u>4,493,596</u>	<u>4,547,468</u>	<u>14,785</u>
	<u>\$ 187,542</u>	<u>\$ 12,442,259</u>	<u>\$ 12,490,113</u>	<u>\$ 139,688</u>

LONG-TERM DEBT

FAIRVIEW BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
Pension Refunding Bonds	10/1/2003	\$ 800,000	10/1/2011	\$ 55,000	5.50%				
			10/1/2012	60,000	5.50%				
			10/1/2013	65,000	5.50%				
			10/1/2014	70,000	5.75%				
			10/1/2015	70,000	5.75%				
			10/1/2016	75,000	5.75%				
			10/1/2017	80,000	5.75%	\$ 530,000	-	\$ 55,000	\$ 475,000
						\$ 530,000	\$ -	\$ 55,000	\$ 475,000

FAIRVIEW BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Series</u>	Amount of Original <u>Issue</u>	Balance <u>July 1, 2010</u>	<u>Increased</u>	<u>Retired</u>	Balance <u>June 30, 2011</u>
2006- Truck	\$ 22,457	\$ 4,849		\$ 4,849	
2008- 24 Passenger Bus	45,558	18,619		9,092	\$ 9,527
2009- 24 Passenger Bus	45,738	27,417	-	8,803	18,614
		<u>\$ 50,885</u>	<u>-</u>	<u>\$ 22,744</u>	<u>\$ 28,141</u>

**FAIRVIEW BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 277,887		\$ 277,887	\$ 277,887	
State Sources					
State Aid	<u>47,643</u>	<u>-</u>	<u>47,643</u>	<u>47,643</u>	<u>-</u>
Total Revenues	<u>325,530</u>	<u>-</u>	<u>325,530</u>	<u>325,530</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal - Intergovernmental Loans	207,348		207,348	207,347	\$ 1
Principal - Pension Refunding Bonds	55,000		55,000	55,000	
Interest - Intergovernmental Loans	34,807		34,807	34,806	1
Interest - Pension Refunding Bonds	<u>28,375</u>	<u>-</u>	<u>28,375</u>	<u>28,375</u>	<u>-</u>
Total Regular Debt Service	<u>325,530</u>	<u>-</u>	<u>325,530</u>	<u>325,528</u>	<u>2</u>
Total Expenditures	<u>325,530</u>	<u>-</u>	<u>325,530</u>	<u>325,528</u>	<u>2</u>
Excess of Revenues Over Expenditures	-		-	2	2
Fund Balance, Beginning of Year	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 2</u>

**FAIRVIEW BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF LOANS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Intergovernmental Loan</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2010</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
Safe Loan (050-93)	1.50%	\$ 275,091	\$ 57,915	\$ 14,478	\$ 43,437
Small Project (050-93)	5.29%	825,275	229,445	53,733	175,712
Safe Loan (051-93)	1.50%	577,258	121,528	30,382	91,146
Small Project (051-93)	5.29%	1,731,774	<u>465,473</u>	<u>108,754</u>	<u>356,719</u>
			<u>\$ 874,361</u>	<u>\$ 207,347</u>	<u>\$ 667,014</u>

STATISTICAL SECTION

This part of the Fairview Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available for certain exhibits. Each year thereafter, an additional year's data will be included until ten years of data is present.

FAIRVIEW BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2010
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ 3,060,339	\$ 4,471,240	\$ 4,264,059	\$ 4,129,379	\$ 4,049,055	\$ 3,942,345	\$ 3,968,393	\$ 3,910,325	\$ 3,979,449
Restricted	200,004	601,000	600,998	750,002	650,002	670,002	420,001	520,001	520,003
Unrestricted	(359,913)	(595,818)	(704,240)	(732,944)	(895,136)	(1,058,814)	(1,531,910)	(1,741,474)	(1,333,196)
Total Governmental Activities Net Assets	\$ 2,900,430	\$ 4,476,422	\$ 4,160,817	\$ 4,146,437	\$ 3,803,921	\$ 3,553,533	\$ 2,856,484	\$ 2,688,852	\$ 3,166,256
Business-Type Activities									
Invested in Capital Assets	\$ 4,409	\$ 3,968	\$ 3,528	\$ 3,087	\$ 2,646	\$ 2,205	\$ 1,764	\$ 5,699	\$ 4,869
Unrestricted	41,862	49,090	47,186	43,449	40,229	38,860	13,974	4,828	11,809
Total Business-Type Activities Net Assets	\$ 46,271	\$ 53,058	\$ 50,714	\$ 46,536	\$ 42,875	\$ 41,065	\$ 15,738	\$ 10,527	\$ 16,678
District-Wide									
Invested in Capital Assets, Net of Related Debt	\$ 3,064,748	\$ 4,475,208	\$ 4,267,587	\$ 4,132,466	\$ 4,051,701	\$ 3,944,550	\$ 3,970,157	\$ 3,916,024	\$ 3,984,318
Restricted	200,004	601,000	600,998	750,002	650,002	670,002	420,001	520,001	520,003
Unrestricted	(318,051)	(546,728)	(657,054)	(689,495)	(854,907)	(1,019,954)	(1,517,936)	(1,736,646)	(1,321,387)
Total District Net Assets	\$ 2,946,701	\$ 4,529,480	\$ 4,211,531	\$ 4,192,973	\$ 3,846,796	\$ 3,594,598	\$ 2,872,222	\$ 2,699,379	\$ 3,182,934

**FAIRVIEW BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Unaudited)
(accrual basis of accounting)**

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental Activities									
Instruction									
Regular	\$ 7,476,098	\$ 7,492,811	\$ 8,512,205	\$ 8,950,662	\$ 9,719,972	\$ 9,626,439	\$ 10,738,221	\$ 10,743,019	\$ 10,761,698
Special Education	3,151,094	3,169,385	3,246,438	2,864,393	3,511,497	3,746,516	3,542,767	4,011,801	4,016,907
Other Instruction	981,485	850,155	1,170,237	838,432	909,259	842,326	1,090,300	916,763	961,057
School Sponsored Activities And Athletics	55,387	39,610	48,241	40,651	41,988	49,326	50,781	49,329	47,425
Support Services									
Student and Instruction Related Services	1,157,933	1,230,574	1,207,567	1,501,495	1,367,511	1,664,902	1,654,223	1,956,145	1,899,435
School Administrative Services	391,340	426,974	448,764	392,164	443,054	333,492	639,492	698,908	692,238
General Administration	528,846	711,589	702,207	698,363	712,091	650,565	827,734	725,122	511,182
Plant Operations And Maintenance	1,324,435	1,551,369	1,596,267	1,728,644	1,908,092	1,987,125	2,003,792	1,908,765	1,563,608
Pupil Transportation	373,756	290,577	288,319	319,329	305,124	348,583	262,222	233,296	234,660
Central Services	385,359	489,316	391,343	456,995	476,990	444,852	560,421	597,415	554,815
Interest On Long-Term Debt	173,296	110,216	130,626	121,146	111,035	100,419	88,595	73,251	61,444
Total Governmental Activities Expenses	15,999,029	16,362,576	17,742,214	17,912,274	19,506,613	19,814,545	21,458,548	21,913,814	21,304,469
Business-Type Activities									
Food Service	142,940	156,282	199,684	213,851	235,645	265,350	304,344	348,674	353,781
Total Business-Type Activities Expense	142,940	156,282	199,684	213,851	235,645	265,350	304,344	348,674	353,781
Total District Expenses	\$ 16,141,969	\$ 16,518,858	\$ 17,941,898	\$ 18,126,125	\$ 19,742,258	\$ 20,079,895	\$ 21,762,892	\$ 22,262,488	\$ 21,658,250
Program Revenues									
Governmental Activities									
Charges For Services								24,300	11,120
Operating Grants And Contributions	\$ 3,501,945	\$ 3,532,721	\$ 3,767,274	\$ 3,760,187	4,244,906	4,257,549	3,567,200	5,293,020	4,031,694
Capital Grants And Contributions	10,337	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	3,512,282	3,532,721	3,767,274	3,760,187	4,244,906	4,257,549	3,567,200	5,317,320	4,042,814
Business-Type Activities									
Charges For Services								29,370	41,095
Food Service	\$ 44,399	\$ 41,037	\$ 42,223	\$ 39,309	\$ 35,696	\$ 30,020	\$ 30,389	\$ 4,667	\$ 41,095
Capital Grants and Contributions								302,184	311,107
Operating Grants And Contributions	109,895	121,022	150,909	168,672	191,820	231,878	245,642	336,221	352,202
Total Business Type Activities Program Revenues	154,294	162,059	193,132	207,981	227,516	261,898	276,031	336,221	352,202
Total District Program Revenues	\$ 3,666,576	\$ 3,694,780	\$ 3,960,406	\$ 3,968,168	\$ 4,472,422	\$ 4,519,447	\$ 3,843,231	\$ 5,653,541	\$ 4,395,016
Net (Expense)/Revenue									
Governmental Activities	\$ (12,486,747)	\$ (12,829,855)	\$ (13,974,940)	\$ (14,152,087)	\$ (15,261,707)	\$ (15,556,996)	\$ (17,891,348)	\$ (16,596,494)	\$ (17,261,655)
Business-Type Activities	11,354	5,777	(6,552)	(5,870)	(8,129)	(3,452)	(28,313)	(12,453)	(1,579)
Total District-Wide Net Expense	\$ (12,475,393)	\$ (12,824,078)	\$ (13,981,492)	\$ (14,157,957)	\$ (15,269,836)	\$ (15,560,448)	\$ (17,919,661)	\$ (16,608,947)	\$ (17,263,234)
General Revenues and Other Changes in Net Assets									
Governmental Activities									
Property Taxes Levied For General Purposes, Net	\$ 9,570,839	\$ 9,816,051	\$ 9,914,732	\$ 10,312,313	\$ 11,056,569	\$ 11,256,133	\$ 11,529,956	\$ 11,426,385	\$ 12,012,159
State Aid - Unrestricted	2,840,990	3,086,155	3,424,090	3,304,111	3,312,408	3,655,372	5,234,805	4,637,819	5,376,912
Property Taxes, Levied for Debt Service	199,268	176,528	176,528	298,641	276,896	272,836	273,661	269,118	277,887
State Aid - Restricted for Debt Service	59,716	59,716	100,644	34,775	58,155	57,643	57,139	56,578	47,643
Transfers	(929)	(929)	(3,582)	34,775	(3,424)	(1,642)	(2,986)	(7,242)	(7,730)
Investment Earnings	6,078	6,392	61,997	119,155	140,980	65,157	15,696	9,434	6,719
Miscellaneous Income	17,207	15,384	5,236	76,037	77,608	1,109	86,028	36,770	25,469
Loss on Sale of Capital Asset	(3,747)	-	-	(7,325)	-	-	-	-	-
Total Governmental Activities	12,431,367	13,182,037	13,679,645	14,137,707	14,919,192	15,306,608	17,194,299	16,428,862	17,739,059
Business-Type Activities									
Investment Earnings	48	81	626	1,692	1,044				
Transfers	-	929	3,582	-	3,424	1,642	2,986	7,242	7,730
Total Business-Type Activities	48	1,010	4,208	1,692	4,468	1,642	2,986	7,242	7,730
Total District-Wide	\$ 12,431,415	\$ 13,183,047	\$ 13,683,853	\$ 14,139,399	\$ 14,923,660	\$ 15,308,250	\$ 17,197,285	\$ 16,436,104	\$ 17,746,789
Change in Net Assets									
Governmental Activities	\$ (55,380)	\$ 352,182	\$ (295,295)	\$ (14,380)	\$ (342,515)	\$ (250,388)	\$ (697,049)	\$ (167,632)	\$ 477,404
Business-Type Activities	11,402	6,787	(2,344)	(4,178)	(3,661)	(1,810)	(25,327)	(5,211)	6,151
Total District	\$ (43,978)	\$ 358,969	\$ (297,639)	\$ (18,558)	\$ (346,176)	\$ (252,198)	\$ (722,376)	\$ (172,843)	\$ 483,555

FAIRVIEW BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST NINE FISCAL YEARS
 (Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 806,256	\$ 927,454	\$ 1,081,446	\$ 1,247,370	\$ 987,928	\$ 989,867	\$ 688,754	\$ 576,800	
Unreserved	349,652	365,861	392,736	372,481	329,653	192,460	(309,537)	(290,936)	\$ 520,000
Restricted									102,552
Committed									278,258
Assigned									(356,340)
Unassigned									
Total General Fund	\$ 1,155,908	\$ 1,293,315	\$ 1,474,182	\$ 1,619,851	\$ 1,317,581	\$ 1,182,327	\$ 379,217	\$ 285,864	\$ 544,470
All Other Governmental Funds									
Unreserved	\$ (3,031)	\$ 1,000	\$ 998	\$ 2	\$ (11,346)	\$ (41,166)	\$ (9,489)	\$ (10,087)	\$ 3
Restricted									(10,087)
Unassigned									
Total All Other Governmental Funds	\$ (3,031)	\$ 1,000	\$ 998	\$ 2	\$ (11,346)	\$ (41,166)	\$ (9,489)	\$ (10,087)	\$ (10,084)

FAIRVIEW BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
 (Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
Tax Levy	\$ 9,570,839	\$ 10,015,319	\$ 10,091,260	\$ 10,610,954	\$ 11,333,465	\$ 11,528,969	\$ 11,803,617	\$ 11,695,503	\$ 12,290,046
Interest Earnings	6,078	6,392	61,997	119,155	140,980	65,157	15,696	9,434	6,719
Miscellaneous	137,660	15,384	5,236	78,537	77,608	1,109	86,028	67,162	36,589
State Sources	5,566,523	5,820,488	6,335,422	6,092,626	6,547,396	7,109,565	7,552,343	7,231,564	7,528,188
Federal Sources	786,749	858,104	956,586	1,003,947	1,068,073	860,999	1,306,601	2,749,761	1,928,061
Total Revenue	16,067,849	16,715,687	17,450,501	17,905,219	19,167,522	19,565,799	20,764,485	21,753,424	21,789,603
Expenditures									
Instruction									
Regular Instruction	7,411,182	7,480,004	8,293,203	8,883,682	9,729,417	9,604,049	10,732,988	10,713,900	10,805,710
Special Education Instruction	3,136,341	3,167,579	3,208,869	2,856,582	3,514,955	3,739,742	3,542,211	4,003,314	4,021,590
Other Instruction	974,515	849,166	1,130,037	831,926	912,079	837,992	1,089,761	910,491	973,109
School Sponsored Activities and Athletics	55,095	39,559	47,200	40,399	42,093	49,090	50,759	49,003	47,425
Support Services									
Student and Inst. Related Services	1,148,599	1,228,059	1,173,017	1,492,459	1,368,940	1,659,846	1,653,736	1,948,400	1,912,209
General Administration	386,337	707,219	684,455	691,738	709,610	646,473	825,419	695,092	697,113
School Administrative Services	515,063	421,303	424,222	381,048	436,564	339,821	628,070	710,798	509,861
Plant Operations And Maintenance	1,213,545	1,272,307	1,267,286	1,427,339	1,595,277	1,698,325	1,714,479	1,595,386	1,289,053
Pupil Transportation	353,863	272,049	263,955	291,373	275,835	314,940	223,467	204,559	209,905
Central Services	377,976	418,439	375,316	453,121	478,608	442,361	560,144	593,357	561,680
Capital Outlay	87,031	334,147		103,874	51,126	54,214	150,316	65,825	145,216
Debt Service									
Principal	214,344	261,987	266,337	275,520	293,022	285,760	315,500	272,731	285,091
Interest and Other Charges	174,704	121,502	132,157	122,005	113,521	102,176	91,820	77,276	65,303
Total Expenditures	16,048,595	16,573,320	17,266,054	17,851,066	19,521,047	19,774,789	21,578,670	21,840,132	21,523,265
Excess (Deficiency) of Revenues									
Over (Under) Expenditures	19,254	142,367	184,447	54,153	(353,525)	(208,990)	(814,185)	(86,708)	266,338
Other Financing Sources (Uses)									
Proceeds From Borrowing		800,000							
Capital Leases (Non-Budgeted)	62,304			90,520	43,332	45,558	45,738		
Refunding of Unfunded Pension Liabilities		(770,000)							
Refunding of Unfunded Pension Liabilities-COI		(30,000)							
Transfers In	1,000	22,339							
Transfers Out	(1,000)	(23,268)	(3,582)	-	(3,424)	(1,642)	(2,986)	(7,242)	(7,730)
Total Other Financing Sources (Uses)	62,304	(929)	(3,582)	90,520	39,908	43,916	42,752	(7,242)	(7,730)
Net Change in Fund Balances	\$ 81,558	\$ 141,438	\$ 180,865	\$ 144,673	\$ (313,617)	\$ (165,074)	\$ (771,433)	\$ (93,950)	\$ 258,608
Debt Service as a Percentage of Noncapital Expenditures	2.44%	2.36%	2.31%	2.24%	2.09%	1.97%	1.90%	1.61%	1.64%

* Noncapital expenditures are total expenditures less capital outlay.

**FAIRVIEW BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition Adjustment</u>	<u>E-Rate</u>	<u>Transportation Fees</u>	<u>Cancellations</u>	<u>Misc.</u>	<u>Total</u>
2002	\$ 8,042	\$ 5,688				\$ 108	\$ 13,838
2003	6,078	5,474			\$ 7,319	124,867 *	143,738
2004	6,392					15,384	21,776
2005	61,997					5,236	67,233
2006	119,155				59,755	16,282	195,192
2007	140,980				54,514	23,094	218,588
2008	65,157				318	791	66,266
2009	15,696		\$ 20,529		7,227	58,272	101,724
2010	9,434	16,334	19,586	\$ 24,300		6,942	76,596
2011	6,719	5,516	19,450	11,120		503	43,308

* Includes sale of assets \$120,453.

**FAIRVIEW BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2002	\$ 7,972,900	\$ 365,397,200	\$ 116,948,900	\$ 48,746,900	\$ 68,259,100	\$ 607,325,000	\$ 591,046	\$ 607,916,046	\$ 710,421,920	1.51
2003	5,821,400	369,718,700	115,353,200	48,373,500	67,535,800	606,802,600	548,109	607,350,709	725,557,657	1.61
2004	6,419,800	374,288,700	113,777,500	47,251,500	67,432,700	609,170,200	446,095	609,616,295	843,595,395	1.65
2005	7,040,600	376,778,600	113,726,000	46,166,300	67,939,700	611,651,200	454,273	612,105,473	970,227,440	1.69
2006	7,870,000	382,556,300	111,963,200	46,232,700	67,644,000	616,266,200	384,752	616,650,952	1,108,539,690	1.78
2007	6,899,600	388,905,900	111,008,700	45,829,800	66,930,500	619,574,500	348,389	619,922,889	1,266,224,921	1.84
2008	6,654,300	393,768,000	109,705,800	45,055,600	66,781,400	621,965,100	349,378	622,314,478	1,318,965,021	1.875
2009	5,940,900	396,883,300	106,924,200	44,976,400	67,409,000	622,133,800	283,211	622,417,011	1,579,989,302	1.891
2010	6,373,400	398,459,400	105,728,800	45,218,600	67,028,400	622,808,600	304,346	623,112,946	1,317,581,419	1.925
2011	11,002,500	654,855,000	200,425,300	82,911,900	126,722,100	1,055,914,800	1,296,913	1,057,211,713	1,198,088,239	1.177

Source: County Abstract of Ratables

^a Tax rates are per \$100

**FAIRVIEW BOARD OF EDUCATION
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

Assessment Year	<u>School District</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
2002	\$ 1.510	\$ 1.210	\$ 0.260	\$ 2.980
2003	1.610	1.280	0.250	3.140
2004	1.650	1.360	0.280	3.290
2005	1.690	1.430	0.310	3.430
2006	1.780	1.530	0.330	3.640
2007	1.843	1.600	0.360	3.803
2008	1.875	1.689	0.392	3.956
2009	1.891	1.773	0.486	4.150
2010	1.925	1.857	0.458	4.240
2011	1.177	1.158	0.232	2.567

Source: Tax Collector

**FAIRVIEW BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Fairview Industrial Park Inc	\$ 13,691,800	1.30%	15,052,400	2.48%
Fairview Associates 94, L.P.	17,800,500	1.68%	7,500,000	1.23%
HLF Passaic 2005 LLC	11,805,500	1.12%		
Passaic 85 Associates			6,941,000	1.14%
Bonanno Real Estate Group I	5,258,600	0.50%	6,640,200	1.09%
Waste Management of NJ	6,049,200	0.57%		
Ronald Realty Co LLC	10,841,500	1.03%	6,520,000	1.07%
Fairview Bergen Property LLC	7,077,900	0.67%		
New Age Ventures, Inc	5,457,600	0.52%	3,398,700	0.56%
Vail Development, LLC			3,619,200	0.60%
Bonanno Real Estate Group II	5,646,200	0.53%	3,587,300	0.59%
Kouostas Realty Corp.			3,487,200	0.57%
BFI Transfer Systems of NJ			3,255,600	0.54%
175 Bergen LLC	5,181,500	0.49%		
	<u>\$ 88,810,300</u>	<u>8.40%</u>	<u>\$ 60,001,600</u>	<u>9.87%</u>

Source: Municipal Tax Assessor

**FAIRVIEW BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 8,780,490	\$ 8,780,490	100%	N/A
2003	9,570,839	9,570,839	100%	N/A
2004	10,015,319	10,015,319	100%	N/A
2005	10,091,260	10,091,260	100%	N/A
2006	10,610,954	10,610,954	100%	N/A
2007	11,333,465	11,333,465	100%	N/A
2008	11,528,969	11,528,969	100%	N/A
2009	11,803,617	11,803,617	100%	N/A
2010	11,695,503	11,695,503	100%	N/A
2011	12,290,046	11,765,876	96%	\$ 524,170

**FAIRVIEW BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST NINE FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities				Total District	Population	Per Capita
	General Obligation Bonds	Loans	Capital Leases				
2003		\$ 2,153,392	\$ 131,624	\$	2,285,016	13,291	\$ 172
2004	\$ 800,000	1,987,034	151,935		2,938,969	13,377	220
2005	760,000	1,815,713	96,918		2,672,631	13,345	200
2006	720,000	1,639,244	171,719		2,530,963	13,344	190
2007	675,000	1,457,122	105,819		2,237,941	13,400	167
2008	630,000	1,269,124	98,615		1,997,739	13,483	148
2009	580,000	1,074,902	73,075		1,727,977	13,590	127
2010	530,000	874,361	50,885		1,455,246	13,590	107
2011	475,000	667,014	28,141		1,170,155	13,590	86

Source: District records

FAIRVIEW BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST NINE FISCAL YEARS
(Unaudited)

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	Loans	Deductions			
2003		\$ 2,153,392		\$ 2,153,392	0.35%	\$ 162
2004	\$ 800,000	1,987,034	\$ 800,000	1,987,034	0.33%	149
2005	760,000	1,815,713	760,000	1,815,713	0.30%	136
2006	720,000	1,639,244	720,000	1,639,244	0.27%	123
2007	675,000	1,457,122	675,000	1,457,122	0.24%	109
2008	630,000	1,269,124	630,000	1,269,124	0.20%	94
2009	580,000	1,074,902	580,000	1,074,902	0.17%	79
2010	530,000	874,361	530,000	874,361	0.14%	64
2011	475,000	667,014	475,000	667,014	0.06%	49

Source: District records

FAIRVIEW BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2010
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
MUNICIPAL DEBT (1)			
Borough of Fairview	\$ 16,292,961	\$ 2,163,500	\$ 14,129,461
Fairview Board of Education	<u>1,142,014</u>	<u>475,000</u>	<u>667,014</u>
	<u>\$ 17,434,975</u>	<u>\$ 2,638,500</u>	<u>14,796,475</u>
OVERLAPPING DEBT APPORTIONED TO THE MUNICIPALITY			
Bergen County:			
County of Bergen			5,365,088
Bergen County Utilities Authority - Water Pollution Control			<u>6,712,447</u>
			<u>12,077,535</u>
Total Direct and Overlapping Bonded Debt as of December 31, 2010			<u>\$ 26,874,010</u>

SOURCE:

(1) Borough of Fairview's 2010 Annual Debt Statement

**FAIRVIEW BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 19,195,702	\$ 20,038,735	\$ 22,079,219	\$ 28,653,349	\$ 28,733,312	\$ 32,904,565	\$ 36,358,791	\$ 41,165,658	\$ 43,099,683	\$ 43,267,112
Total Net Debt Applicable to Limit	2,314,913	2,153,392	1,987,034	1,815,713	1,639,244	1,457,122	1,269,124	1,074,902	874,361	667,014
Legal Debt Margin	\$ 16,880,789	\$ 17,885,343	\$ 20,092,185	\$ 26,837,636	\$ 27,094,068	\$ 31,447,443	\$ 35,089,667	\$ 40,090,756	\$ 42,225,322	\$ 42,600,098
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.06%	10.75%	9.00%	6.34%	5.71%	4.43%	3.49%	2.61%	2.03%	1.54%

Legal Debt Margin Calculation for Fiscal Year 2011			
Equalized Valuation Basis			
	2008	2009	2010
Average Equalized Valuation of Taxable Property	\$ 1,569,034,057	1,440,400,046	1,317,277,073
Debt Limit (3% of Average Equalized Value)	\$ 43,267,112	667,014	
Total Net Debt Applicable to Limit	\$ 43,267,112	667,014	
Legal Debt Margin	\$ 4,326,711,176		
	\$ 1,442,237,059		

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

**FAIRVIEW BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>Population</u>
2001	6.30%	\$ 52,102	13,283
2002	8.60%	51,931	13,298
2003	8.50%	51,291	13,291
2004	7.00%	54,669	13,377
2005	6.60%	56,963	13,345
2006	7.20%	63,021	13,344
2007	6.50%	67,113	13,400
2008	8.30%	68,541	13,483
2009	14.50%	64,388	13,590
2010	14.80%	N/A	13,590

N/A - Information unavailable

Source: Unemployment rates were provided by the N.J. Department of Labor-Bureau of Labor Force Statistics; County Per Capita Income was provided by the U.S. Department of Commerce-Bureau of Economic Analysis; School District population was provided by the U.S. Department of Census-Population Division.

FAIRVIEW BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION IS NOT AVAILABLE

FAIRVIEW BOARD OF EDUCATION
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Unaudited)

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction										
Regular	56	60	59	61	62	64	64	64	61	60
Special Education	25	21	22	21	21	21	20	22	22	21
Support Services:										
Student and Instruction Related Services	10	13	13	13	13	13	13	13	13	13
General Administration	4	4	4	4	4	4	4	5	5	5
School Administrative Services	4	6	6	6	6	6	6	6	6	6
Business and Other Support Services	5	5	5	5	5	5	5	5	5	4
Plant Operations And Maintenance	10	10	10	10	10	10	10	9	9	6
Total	<u>114</u>	<u>119</u>	<u>119</u>	<u>120</u>	<u>121</u>	<u>123</u>	<u>122</u>	<u>124</u>	<u>121</u>	<u>115</u>

Source: District Personnel Records

FAIRVIEW BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2002	1,018	\$ 14,913,555	\$ 14,650	20.46%	88	12:26	1,018	958	-3.23%	94.11%	
2003	1,060	15,696,477	14,808	1.08%	88	12:26	1,060	1,011	4.13%	95.38%	
2004	1,039	15,961,616	15,362	3.74%	89	11:67	1,039	983	-1.98%	94.61%	
2005	1,010	16,927,195	16,760	9.09%	92	01:12.2	1,010	961	-2.79%	95.15%	
2006	1,013	17,412,780	17,189	2.56%	86	11:78	1,013	936	0.30%	92.40%	
2007	1,005	19,063,378	18,969	10.35%	89	11:29	1,005	942	-0.79%	93.73%	
2008	1,051	19,332,639	18,395	-3.03%	88	11:94	1,051	986	4.58%	93.82%	
2009	1,043	21,021,034	20,154	9.57%	86	01:12.1	1,043	981	-0.76%	94.06%	
2010	1,115	21,424,300	19,215	-4.66%	83	01:13.4	1,115	1,062	6.90%	95.25%	
2011	1,148	21,027,655	18,317	-4.67%	81	01:14.2	1,139	1,083	2.15%	95.08%	

Sources: District records

**FAIRVIEW BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST SIX FISCAL YEARS
(Unaudited)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>District Building</u>						
<u>Lincoln School</u>						
Square Feet	53,472	53,472	53,472	53,472	53,472	53,472
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	505	504	518	562	577
<u>Lincoln School Annex</u>						
Square Feet	14,810	14,810	14,810	14,810	14,810	14,810
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	200	195	186	206	227
<u>Number 3 School</u>						
Square Feet	23,372	23,372	23,372	23,372	23,372	23,372
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	350	340	339	356	344

Number of Schools at June 30, 2011

Elementary = 2

Middle School = 1

Source: District Records

FAIRVIEW BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
*School Facilities										
Lincoln School	\$ 79,986	\$ 77,002	\$ 69,973	\$ 81,458	\$ 131,582	\$ 123,984	\$ 147,154	\$ 100,306	\$ 82,143	\$ 106,005
Annex	15,727	17,789	17,679	33,432	12,409	8,866	9,123	26,098	17,117	12,655
School No. 3	26,452	23,718	24,719	39,957	22,149	25,198	34,601	21,396	19,548	17,991
Total School Facilities	122,165	118,509	112,371	154,847	166,140	158,048	190,878	147,800	118,808	136,651
Other Facilities	7,637	-	-	-	-	-	-	-	-	-
Grand Total	\$ 129,802	\$ 118,509	\$ 112,371	\$ 154,847	\$ 166,140	\$ 158,048	\$ 190,878	\$ 147,800	\$ 118,808	\$ 136,651

*School Facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

**FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2011
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Blanket Building and Contents	\$ 18,241,724	\$ 5,000
Commercial General Liability	16,000,000	N/A
Commercial Automotive Liability	16,000,000	N/A
Comprehensive Crime Coverage	25,000	500
Computers and Schedule Equipment		
Data Processing Equipment	125,000	1,000
Boiler and Machinery		
Umbrella Policy	100,000,000	5,000
Public Official Bond - Board Secretary	25,000	500
Public Official Bond - Treasurer	285,000	1,000
School Leaders		
Errors and Omissions	6,000,000	5,000

Source: District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

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 Trustees
Fairview Board of Education
Fairview, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fairview Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Fairview Board of Education's basic financial statements and have issued our report thereon dated November 9, 2011. 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 and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Fairview Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Fairview 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 Fairview Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fairview Board of Education'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Fairview Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

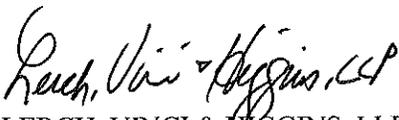
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

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

However, we noted certain matters that we have reported to management of the Fairview Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 9, 2011.

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


 LERCH, VINCI & HIGGINS, LLP
 Certified Public Accountants
 Public School Accountants


 Gary J. Vinci
 Public School Accountant
 PSA Number CS00829

Fair Lawn, New Jersey
 November 9, 2011

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Independent Auditor's Report

Honorable President and Members
of the Board of Trustees
Fairview Board of Education
Fairview, New Jersey

Compliance

We have audited the Fairview Board of Education's compliance 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 OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Fairview Board of Education's major federal and state programs for the fiscal year ended June 30, 2011. Fairview Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Fairview Board of Education's management. Our responsibility is to express an opinion on Fairview Board of Education's compliance based on our audit.

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

In our opinion, Fairview Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which is described in the accompanying schedule of findings and questioned costs as item 2011-1.

Internal Control Over Compliance

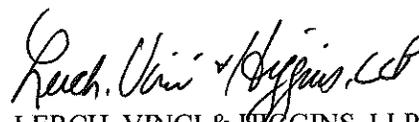
Management of Fairview Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Fairview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

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

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

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

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


 LERCH, VINCI & HIGGINS, LLP
 Certified Public Accountants
 Public School Accountants


 Gary J. Vinci
 Public School Accountant
 PSA Number CS00829

Fair Lawn, New Jersey
 November 9, 2011

FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal/Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010 Def. Rev./ (Accts. Rec.)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture														
Passed-through State Department of Education														
National School Lunch Program	10.555	N/A	9/1/10-6/30/11	\$ 276,248				\$ 252,249	\$ 276,248			\$ (23,999)		
National School Lunch Program	10.555	N/A	9/1/09-6/30/10	267,163	\$ (117,894)			117,894						
School Breakfast Program	10.553	N/A	9/1/10-6/30/11	29,212				26,629	29,212			(2,583)		
School Breakfast Program	10.553	N/A	9/1/09-6/30/10	23,169	(9,713)			9,713						
Total U.S. Department of Agriculture														
					(127,607)			406,485	305,460			(26,582)		
U.S. Department of Education														
Passed-through State Department of Education														
General Fund														
Education Jobs Fund	84.41	N/A	7/1/10-6/30/12	235,310				70,022	70,194			(165,288)	\$ 165,116	
Medicaid Assistance Program	93.778	N/A	7/1/10-6/30/11	18,108				16,963	18,108			(1,145)		
Medicaid Assistance Program	93.778	N/A	7/1/09-6/30/10	12,043	(12,043)			12,043						
Total General Fund														
					(12,043)			99,028	88,302			(166,433)	165,116	
Special Revenue Fund														
Title I, Part A	84.010A	NCLB1470011	9/1/10-8/31/11	781,355				497,282	781,355			(284,073)		
Title I, Part A	84.010A	NCLB1470010	9/1/09-8/31/10	740,058	(199,057)			199,057						
Title I ARRA	84.389	NCLB1470010	9/1/09-8/31/10	450,016	(61,932)			258,514	209,968			(13,386)		
Title II, Part A	84.281A	NCLB1470011	9/1/10-8/31/11	71,075				43,986	71,075			(27,089)		
Title II, Part A	84.281A	NCLB1470010	9/1/09-8/31/10	74,297	(31,778)			31,778						
Title II, Part D	84.281A	NCLB1470011	9/1/10-8/31/11	2,303				2,303	2,303					
Title II, Part D	84.281A	NCLB1470010	9/1/09-8/31/10	7,364	(1,266)			1,266						
Title III	84.365A	NCLB1470011	9/1/10-8/31/11	44,786				40,177	44,786			(4,609)		
Title III	84.365A	NCLB1470010	9/1/09-8/31/10	28,336	(2,916)			2,916						
Title III, Immigrant	84.365A	NCLB1470011	9/1/10-8/31/11	9,601				9,601	9,601					
Title III, Immigrant	84.365A	NCLB1470010	9/1/09-8/31/10	14,241	(29)			29						
ID.E.I.A. Part B, Preschool	84.175A	IDEA1470011	9/1/10-8/31/11	9,012				7,638	8,266			(1,374)	746	
ID.E.I.A. Part B, Preschool	84.175A	IDEA1470010	9/1/09-8/31/10	8,237	(887)			887						
ID.E.I.A. Part B, Basic	84.027A	IDEA1470011	9/1/10-8/31/11	386,210				263,540	323,453			(122,670)	62,757	
ID.E.I.A. Part B, Basic	84.027A	IDEA1470010	9/1/09-8/31/10	372,089	(42,469)			124,388	81,919					
ID.E.I.A. Part B, Basic	84.027A	IDEA147009	9/1/08-8/31/09	376,511	(5,447)			5,447						
ID.E.I.A. Part B, Basic ARRA	84.391	IDEA1470010	9/1/09-8/31/10	421,247	(84,445)			193,873	161,570			(127,201)	75,059	
U.S. Department of Housing and Urban Development														
Community Development	14.218	N/A	7/1/10-6/30/11	90,564				90,564	90,564					
Total Special Revenue Fund														
					(430,226)			1,773,246	1,784,860			(580,402)	138,562	
Total														
					\$ (569,876)			\$ 2,278,759	\$ 2,178,622			\$ (773,417)	\$ 303,678	\$ -

See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

FAIRVIEW BOARD OF EDUCATION
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010		Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2011		MEMO
				Def. Rev./ (Assets/Rec.)	Due to Grantor				Accounts Receivable	Deferred Revenue	
State Department of Education											
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	\$ 5,286,203			\$ 4,825,277	\$ 5,286,203	\$ 5,286,203	\$ (460,926)	\$ 5,286,203	
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	4,698,373	\$ (551,635)		551,635					
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	70,601	(6,785)		6,785					
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	867,132			791,523	867,132		(75,609)	867,132	
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	851,647	(81,849)		81,849					
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	411,362	(39,534)		39,534					
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	172,063				172,063				
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	76,131	(76,131)		76,131					
TPAF Pension Contribution - Non Contrib Ins	11-495-034-5095-007	7/1/10-6/30/11	19,459			19,459					
TPAF Pension Contribution - Post Retirement	11-495-034-5095-001	7/1/10-6/30/11	413,311			413,311					
Reimbursed TPAF Social Security Contr.	11-495-034-5095-002	7/1/10-6/30/11	457,543			457,543					
Total General Fund State Aid				(755,934)		7,263,047	7,215,711		(708,598)		7,215,711
Preschool Education Aid	10-495-034-5120-086	7/1/09-6/30/10	100,872	(10,087)		10,087					
Preschool Education Aid	11-495-034-5120-086	7/1/10-6/30/11	100,872			90,785	100,872		(10,087)		100,872
New Jersey Nonpublic Aid	11-100-034-5120-070	7/1/10-6/30/11	16,770			16,770					
Nursing Services	11-100-034-5120-064	7/1/10-6/30/11	14,153			14,153					
Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	14,517		\$ 33			\$ 33			
Auxiliary Services	11-100-034-5120-067	7/1/10-6/30/11	2,562			2,562					
English as a Second Language	10-100-034-5120-067	7/1/09-6/30/10	3,915		2,596		854	2,596			854
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	70,330			70,330					
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	39,922		3,394		63,549	3,394			63,549
Transportation	11-100-034-5120-067	7/1/10-6/30/11	6,730			6,730					
Transportation	10-100-034-5120-067	7/1/09-6/30/10	5,909	(596)	1,409		1,409		(596)		
Home Instruction	08-100-034-5120-067	7/1/06-6/30/07	596								
Handicapped Services	11-100-034-5120-066	7/1/10-6/30/11	11,117			11,117					
Supplemental Instruction	10-100-034-5120-066	7/1/09-6/30/10	9,558		5,345		4,864	5,345			4,864
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	16,107			16,107					
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	8,958		2,513		5,102	2,513			5,102
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	15,021			15,021					
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	17,037		7,737		11,344	7,737			11,344
Total Special Revenue Fund				(10,683)	23,027	253,662	217,498	23,027	(10,683)	(596)	217,498
State Department of Education											
Debt Service Aid - Type II	11-495-034-5120-075	7/01/10-06/30/11	47,643			47,643					47,643
Total Debt Service Fund						47,643	47,643				47,643
U.S. Department of Education											
Passed-through State Department of Education											
State School Lunch Program	10-100-010-3350-023	7/01/09-06/30/10	10,445	(4,589)		4,589					
State School Lunch Program	11-100-010-3350-023	7/01/08-06/30/09	5,647			5,124	5,647		(523)		5,647
State School Breakfast Program	10-100-010-3350-021	7/01/09-06/30/10	1,407	(578)		578					
Total U.S. Department of Agriculture				(5,167)		10,291	5,647		(523)	(523)	5,647
Total				(771,784)	23,027	7,574,643	7,486,499	23,027	(719,804)	(1,119)	7,486,499

See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

**FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010		Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2011			MEMO
				Def. Recv./ (Accs./Rec.)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	
State Financial Assistance Not Subject to Single Audit Determination General Fund												
TPAF Pension Contribution - NCGI	11-495-034-5095-007	7/1/10-6/30/11		\$	(19,459)	\$	(19,459)					\$ (19,459)
TPAF Pension Contribution - Post Retirement	11-495-034-5095-001	7/1/10-6/30/11			(413,311)		(413,311)					(413,311)
					(432,770)		(432,770)					(432,770)
Total State Financial Assistance Subject to Single Audit				\$ (771,784)	\$ 23,027	\$ 7,141,873	\$ 7,053,729	\$ 23,027	\$ (719,804)	\$ -	\$ (1,112)	\$ 7,053,729
												\$ 36,164

See Accompanying Notes to the Schedules of Federal Awards and State Financial Assistance

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$47,336 for the general fund and an increase of \$54,899 for the special revenue fund. See the Notes to Required Supplementary Information 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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 88,302	\$ 7,263,047	\$ 7,351,349
Special Revenue Fund	1,839,759	217,498	2,057,257
Debt Service Fund		47,643	47,643
Food Service Fund	<u>305,460</u>	<u>5,647</u>	<u>311,107</u>
Total Financial Assistance	<u>\$ 2,233,521</u>	<u>\$ 7,533,835</u>	<u>\$ 9,767,356</u>

**FAIRVIEW BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The District's federal and state loans outstanding at June 30, 2011, which are not required to be reported on the schedule of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
Safe Schools	050-93	\$ 43,437
Small Projects	050-93	175,712
Safe Schools	051-93	91,146
Small Projects	051-93	<u>356,719</u>
		<u>\$ 667,014</u>

NOTE 6 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$457,543 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System NCGI Contributions in the amount of \$19,459 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$413,311 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

**FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported

Noncompliance material to the basic financial statements noted? yes X no

Federal Awards Section

Internal Control over compliance

1) Material weakness(es) identified? yes X no

2) Were significant deficiencies identified that were not considered to be material weaknesses? X yes none reported

Type of auditor's report on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? X yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEIA Basic</u>
<u>84.173</u>	<u>IDEIA Preschool</u>
<u>84.391</u>	<u>IDEIA Basic ARRA</u>
<u>84.010</u>	<u>Title I</u>
<u>84.389</u>	<u>Title I ARRA</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>School Breakfast Program</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

**FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part I – Summary of Auditor’s Results

State Awards Section

Internal control over compliance

1) Material weakness(es) identified: _____ yes X no

2) Were significant deficiencies identified that were not considered to be material weakness(es)? _____ yes X none reported

Type of auditor's report on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular, as amended ? _____ yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5095-002</u>	<u>TPAF Reimbursed Social Security</u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes _____ no

**FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

THERE ARE NONE.

**FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR FEDERAL AWARDS

Finding 2011-1

Salaries and wages of District personnel charged to the IDEA and Title I grants were not approved by Board resolution and included in the District's official minutes.

Federal program information

IDEA – Part B Basic	84.027	Title I	84.010
IDEA – Part B Basic – ARRA	84.391	Title I ARRA	84.389

Criteria or specific requirement

Federal grant specific requirements.

Condition

The respective employee and salary of the individuals being charged to the IDEA and Title I grants were not approved in the Board meeting minutes.

Questioned Costs

Undeterminable

Context

Personnel charged to federal grants should be approved by the Board of Trustees, included in the official minutes, by grant name and salary allocated to the grant.

Effect

Personnel charged to federal grants could not be verified.

Recommendation

The names of the District personnel and the respective salary of individuals charged to federally funded programs be approved by Board resolution and included in the official minutes of the District.

Views of Responsible Officials and Planned Corrective Actions

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**FAIRVIEW BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

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

CURRENT YEAR STATE AWARDS

THERE ARE NONE.

**FAIRVIEW BOARD OF EDUCATION
SUMMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

This section identifies the status of prior-year findings related to the general purpose 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.

STATUS OF PRIOR YEAR FINDINGS

There were none.