

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

Florham Park, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Florham Park Board of Education

Florham Park, New Jersey

For The Fiscal Year Ended June 30, 2011

Prepared by

Business Office

**FLORHAM PARK BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-iv
Organizational Chart	v
Roster of Officials	vi
Consultants and Advisors	vii

FINANCIAL SECTION

Independent Auditors' Report	1-2
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	3-13
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Assets	14
A-2 Statement of Activities	15

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	16
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	17
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances With the District-Wide Statements	18

Proprietary Funds

B-4 Statement of Net Assets	19
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Assets	20
B-6 Statement of Cash Flows	21

Fiduciary Funds

B-7 Statement of Fiduciary Net Assets	22
B-8 Statement of Changes in Fiduciary Net Assets	23

Notes to the Basic Financial Statements	24-45
--	-------

**FLORHAM PARK BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	46-51
C-2	Budgetary Comparison Schedule – General Revenue Fund	52
C-3	Required Supplementary Information – Budgetary Comparison Schedule – Notes to the Required Supplementary Information	53

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	54-55
E-2	Schedule of Preschool Education Program Aid Expenditures – Budgetary Basis – Not Applicable	56

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures – Budgetary Basis	57
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	58

G. Proprietary Funds

<i>Enterprise Fund</i>		
G-1	Combining Statement of Net Assets	59
G-2	Combining Statement of Revenues, Expenses and Changes in Net Assets	59
G-3	Combining Statement of Cash Flows	59

**FLORHAM PARK BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

H. Fiduciary Funds

H-1	Combining Statement of Net Assets	60
H-2	Combining Statement of Changes in Net Assets – Not Applicable	61
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	61
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	62

I. Long-Term Debt

I-1	Schedule of Serial Bonds	63
I-2	Schedule of Obligations under Capital Leases	64
I-3	Debt Service Fund Budgetary Comparison Schedule	65

J. STATISTICAL SECTION (Unaudited)

J-1	Net Assets by Component	66
J-2	Changes in Net Assets	67-68
J-3	Fund Balances – Governmental Funds	69
J-4	Changes in Fund Balances – Governmental Funds	70
J-5	General Fund Other Local Revenue by Source	71
J-6	Assessed Value and Actual Value of Taxable Property	72
J-7	Direct and Overlapping Property Tax Rates	73
J-8	Principal Property Taxpayers	74
J-9	Property Tax Levies and Collections	75
J-10	Ratios of Outstanding Debt by Type	76
J-11	Ratios of Net General Bonded Debt Outstanding	77
J-12	Direct and Overlapping Governmental Activities Debt	78
J-13	Legal Debt Margin Information	79
J-14	Demographic and Economic Statistics	80
J-15	Principal Employers	81
J-16	Full-Time Equivalent District Employees by Function/Program	82
J-17	Operating Statistics	83
J-18	School Building Information	84
J-19	Schedule of Required Maintenance for School Facilities	85
J-20	Insurance Schedule	86

**FLORHAM PARK BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	87-88
K-2	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 Letter 04-04 – Independent Auditor’s Report	89-90
K-3	Schedule of Expenditure of Federal Awards	91
K-4	Schedule of Expenditures of State Financial Assistance	92
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	93-94
K-6	Schedule of Findings and Questioned Costs	95-99
K-7	Summary Schedule of Prior Year Findings	100

INTRODUCTORY SECTION



Florham Park Public Schools

ADMINISTRATIVE OFFICES

P.O. BOX 39 • FLORHAM PARK, N.J. 07932

973-822-3880

973-822-0867 Superintendent FAX

973-822-0716 Business Office FAX

WILLIAM RONZITTI, Ph.D.
Superintendent of Schools

JOHN CSATLOS, C.P.A.
School Business Administrator/
Board Secretary

September 9, 2011

Members of the Board of Education
Florham Park Public Schools
67 Ridgedale Ave.
Florham Park, NJ 07932

Dear Board Members:

The comprehensive annual financial report of the Florham Park Public Schools for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the respective changes in financial position of the basic financial statements. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Public School's MD&A can be found immediately following the "Independent Auditor's Report".

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A) and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No.34. The basic financial statements also include individual financial statements; notes to the financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 2003 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 OMB 04-04. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular and special education for handicapped youngsters. The District completed FY 2010/2011 with an average daily enrollment of 1,041. The following Average Daily Enrollment figures, reported in the School Summary Register, details the changes in student enrollment over the last ten (10) years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2010/11	1,027	0.96%
2009/10	1,037	0.88%
2008/09	1,028	0.00%
2007/08	1,029	3.11%
2006/07	998	0.71%
2005/06	991	2.69%
2004/05	965	3.65%
2003/04	931	0.32%
2002/03	928	10.74%
2001/02	838	7.57%

2. ECONOMIC CONDITION AND OUTLOOK

Florham Park remains financially healthy. The District is currently carrying a 2.0% unreserved / undesignated budgetary basis fund balance of the net budget to provide emergency funding for the lack of State Aid, to fund emergency projects, and to provide necessary reserves for future contingencies. In addition, the District has also established a 2.0% Emergency Reserve for future increases in health care premiums and other permitted emergencies as well as a 2.0% Capital Reserve for the local funding portion of future capital projects contained the district's Long Range Facility Plan.

3. MAJOR INITIATIVES

The District continues to meet its major challenges, vis-à-vis, a series of ambitious curriculum reviews based on the Long Range Curriculum Plan, which must be completed to maintain educational integrity. The curriculum reviews are in the areas of environmental education, mathematics, health education, technology, social studies, and science. The district has approved a new district wide math curriculum revision and textbook replacement for the subsequent year.

In order to maintain dialogue with the staff, in service training in the curriculum areas are offered to committee members. The district also continues to offer technology staff training during the school day, as well as after-school hours. The Quality School Assurance Continuum addresses this area.

In addition to technology, in-service training has focused on reading, language and mathematics instruction to address the NJASK 3-8 requirements. District in-service has focused on a diversified curriculum meeting the needs of each child as well establishing a Professional Learning Community throughout the district.

4. INTERNAL ACCOUNTING CONTROLS

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

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

5. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for FY 2010/2011 is reflected in the budgetary comparison schedules of the required supplementary information.

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2011.

6. ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note #1.

7. DEBT ADMINISTRATION

At June 30, 2011 the District had \$9,785,000 in General Obligation Bonds outstanding. The proceeds of these bonds were used to provide funds for capital improvements to the District's buildings and grounds. These improvements include additions and various renovations in all three (3)-school buildings.

8. CASH MANAGEMENT

The investment policy of the District is guided in large part by State statute as detailed in "Notes to Financial Statements", Note #3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). "GUDPA" was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION

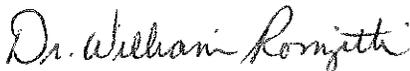
Independent Audit – State statute requires an annual audit by independent certified public accountants or registered municipal accounts. The Board's Finance Committee selected the accounting firm of Lerch Vinci & Higgins, LLP, CPA's. In addition to meeting the requirements as set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, as amended in 1996, and the related OMB Circular A-133 and State Treasury Circular Letter 04-04.

The Auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District, as well as contributing their full support to the development and maintenance of our financial operations. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

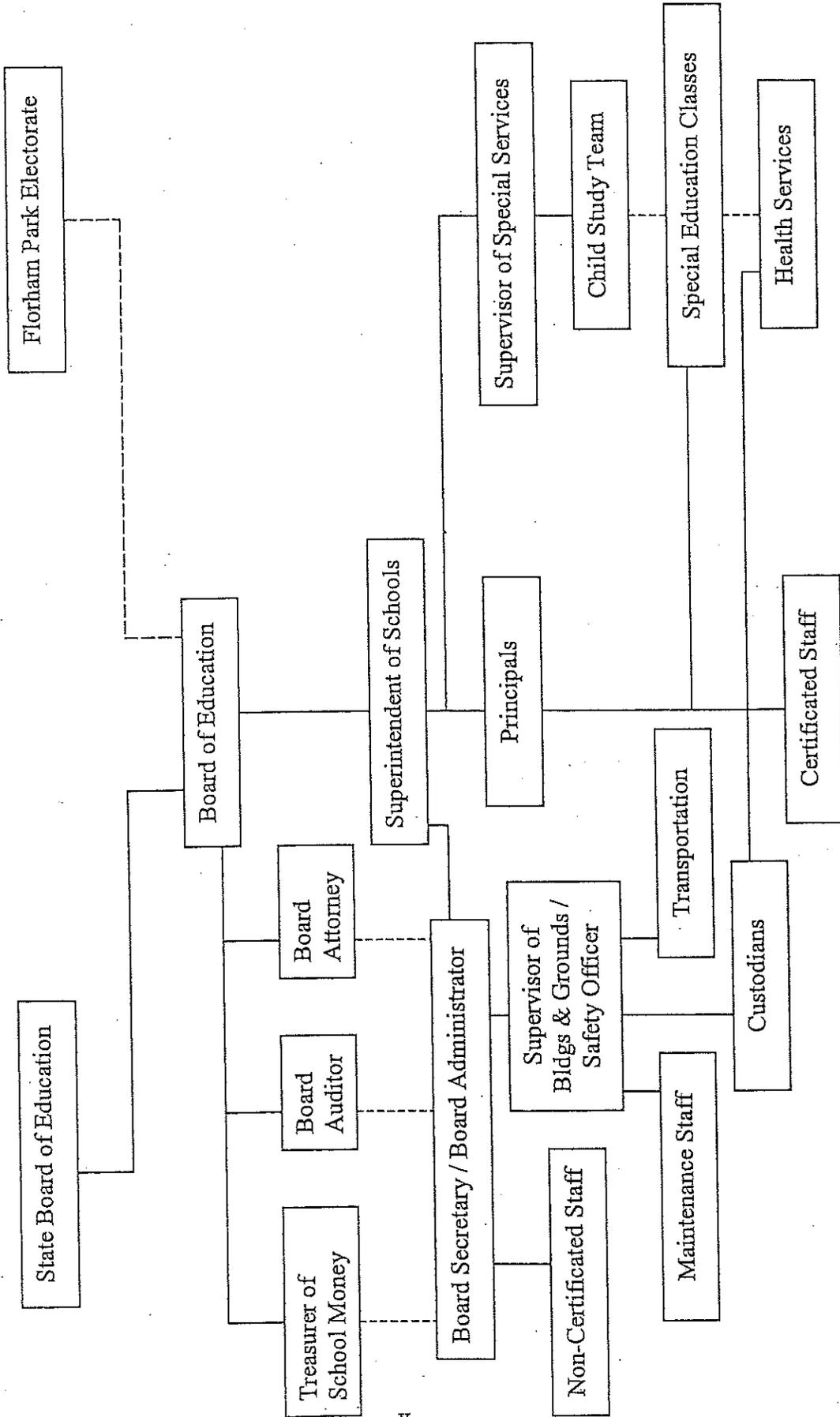


William Ronzitti, Ph.D.
Superintendent of Schools



John R. Csatos
Business Administrator/Board Secretary

FLORHAM PARK SCHOOL DISTRICT ORGANIZATIONAL CHART



**FLORHAM PARK BOARD OF EDUCATION
FLORHAM PARK, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kevin DeCoursey, President	2013
Dr. John Carollo, Vice President	2013
John Gaffney	2012
Linda Michalowski	2012
Marianne Haynes	2013
Patrick Montuore	2014
Joanne Greene Tobias	2014

Other Officials

Dr. William Ronzitti, Superintendent
John R. Csaflos, Business Administrator/Board Secretary
Ulrich Steinberg, Treasurer

FLORHAM PARK BOARD OF EDUCATION

FLORHAM PARK, NEW JERSEY

CONSULTANTS AND ADVISORS

ATTORNEY

Mathew J. Giacobbe, Esq.
Cleary, Giacobbe, Alfieri & Jacobs, LLC
7 James Street
Florham Park, New Jersey 07932

AUDIT FIRM

Lerch, Vinci & Higgins, LLP
17-17 Route 208
Fair Lawn, New Jersey 07410

ARCHITECTS

LAN Associates
445 Godwin Ave.
Midland Park, New Jersey 07432

OFFICIAL DEPOSITORY

TD Bank
Florham Park, New Jersey 07932

Valley National Bank
Florham Park, New Jersey 07932

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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 KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Trustees
Florham Park Board of Education
Florham Park, 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 Florham Park 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 Florham Park 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 Florham Park 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 September 9, 2011 on our consideration of the Florham Park 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 Florham Park 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

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Jeffrey C. Bliss

Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey
September 9, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2011

This section of Florham Park Board of Education's 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 follow this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A

FINANCIAL HIGHLIGHTS

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

- The assets of the Florham Park Board of Education exceeded its liabilities at the close of the fiscal year by \$7,284,824. (Net Assets)
- The District's total net assets increased by \$214,841.
- Overall District revenues were \$17,637,021. General revenues accounted for \$15,693,006 or 89% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,944,015 or 11% of total revenues.
- The school district had \$17,408,472 in expenses for governmental activities; only \$1,932,877 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$15,693,006 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$830,058. Of this amount, \$165,593 (20%) is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2011 was \$830,058, an increase of \$176,951 compared to the ending fund balance at June 30, 2010 of \$653,107.
- The General Fund unassigned budgetary fund balance at June 30, 2011 was \$298,147, which represents a decrease of \$88,534 compared to the ending unassigned budgetary fund balance at June 30, 2010 of \$386,681.

FLORHAM PARK BOARD OF EDUCATION

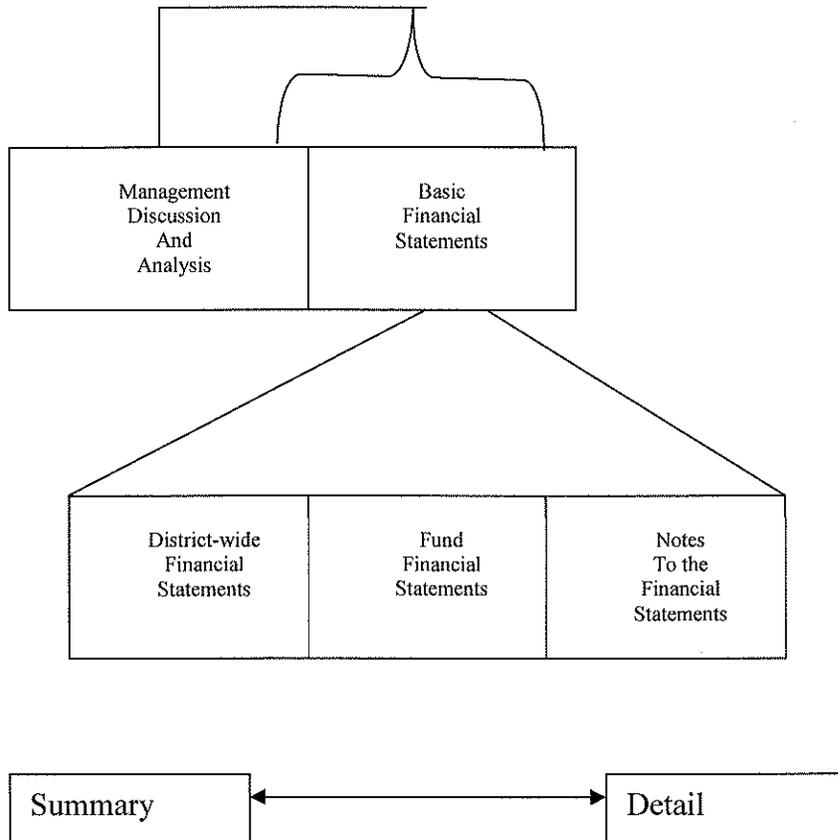
Management's Discussion and Analysis
Year Ended June 30, 2011

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' 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.
- 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 following shows how the various parts of this Annual Report are arranged and related to one another.



FLORHAM PARK BOARD OF EDUCATION

Management’s Discussion and Analysis
Year Ended June 30, 2011

The table below summarizes 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. 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, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as unemployment, scholarships, student activities and payroll activities.
Required financial Statements	Statements of net assets Statement of activities	Balance Sheet Statement of Revenue, Expenditures and Changes in Fund Balances	Statement of Net Assets Statement of Revenue, Expenses, and Changes in Fund Net Assets, Statement of Cash Flows	Statements of 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 there after; 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 funds do not currently contain capital assets, although they can
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 dedications during the year, regardless of when cash is received or paid.

District-wide 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*

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2011

- 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.

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 operation and maintenance. Property taxes and Federal and State aid finance most of these activities.
- *Business type activities* – These are activities 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* – This fund is 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 one enterprise fund, for its food service (cafeteria) program.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Year Ended June 30, 2011

Fund Financial Statements (Continued)

• *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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets. The District's *combined* net assets were \$7,284,824 and \$7,069,983 on June 30, 2011 and 2010, respectively as follows:

	Net Assets					
	As of June 30, 2011 and 2010					
	Governmental Activities		Business- Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current Assets	\$ 964,791	\$ 917,331		\$ 780	\$ 964,791	\$ 918,111
Capital Assets	16,613,865	17,245,363	\$ 4,730	4,334	16,618,595	17,249,697
Total Assets	<u>17,578,656</u>	<u>18,162,694</u>	<u>4,730</u>	<u>5,114</u>	<u>17,583,386</u>	<u>18,167,808</u>
Long-Term Liabilities	10,074,267	10,823,646			10,074,267	10,823,646
Other Liabilities	224,295	274,179	-	-	224,295	274,179
Total Liabilities	<u>10,298,562</u>	<u>11,097,825</u>	<u>-</u>	<u>-</u>	<u>10,298,562</u>	<u>11,097,825</u>
Net Assets						
Invested in Capital Assets, net of related debt	6,900,734	6,864,045	4,730	4,334	6,905,464	6,868,379
Restricted	384,597	225,326			384,597	225,326
Unrestricted	(5,237)	(24,502)	-	780	(5,237)	(23,722)
Total Net Assets	<u>\$ 7,280,094</u>	<u>\$ 7,064,869</u>	<u>\$ 4,730</u>	<u>\$ 5,114</u>	<u>\$ 7,284,824</u>	<u>\$ 7,069,983</u>

By far 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 are 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.

The District's total net assets of \$7,248,824 at June 30, 2011 represent a \$214,841, or 3%, increase from the prior year. The following presents the changes in net assets for the years ended June 30, 2011 and 2010.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Year Ended June 30, 2011

Change in Net Assets
For The Years Ended June 30, 2011 and 2010

	Governmental		Business-		Total	
	Activities		Type			
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services	\$ 194,366	\$ 194,563	\$ 8,413	\$ 8,226	\$ 202,779	\$ 202,789
Operating Grants and Contributions	1,724,411	2,530,036	2,725	6,954	1,727,136	2,536,990
Capital Grants and Contributions	14,100	53,026			14,100	53,026
General Revenues						
Property Taxes	15,573,483	15,331,910			15,573,483	15,331,910
Other	119,523	148,086	-	-	119,523	148,086
Total Revenues	17,625,883	18,257,621	11,138	15,180	17,637,021	18,272,801
Expenses						
Instruction						
Regular	6,277,653	6,860,495			6,277,653	6,860,495
Special Education	2,602,610	2,702,625			2,602,610	2,702,625
Other Instruction	141,708	108,418			141,708	108,418
School Sponsored Activities and Athletics	148,770	148,955			148,770	148,955
Support Services						
Student and Instruction Related Services	2,493,443	2,659,787			2,493,443	2,659,787
General Administrative Services	608,928	574,800			608,928	574,800
School Administrative Services	1,061,376	1,081,152			1,061,376	1,081,152
Central Services	365,831	338,009			365,831	338,009
Plant Operations and Maintenance	2,508,052	2,446,176			2,508,052	2,446,176
Pupil Transportation	816,834	804,200			816,834	804,200
Interest on Debt	383,267	372,251			383,267	372,251
Food Services	-	-	13,708	14,561	13,708	14,561
Total Expenses	17,408,472	18,096,868	13,708	14,561	17,422,180	18,111,429
Increase in Net Assets Before Transfers	217,411	160,753	(2,570)	619	214,841	161,372
Transfers	(2,186)	-	2,186	-	-	-
Increase (Decrease) in Net Assets	215,225	160,753	(384)	619	214,841	161,372
Net Assets, Beginning of Year	7,064,869	6,904,116	5,114	4,495	7,069,983	6,908,611
Net Assets, End of Year	\$ 7,280,094	\$ 7,064,869	\$ 4,730	\$ 5,114	\$ 7,284,824	\$ 7,069,983

FLORHAM PARK BOARD OF EDUCATION

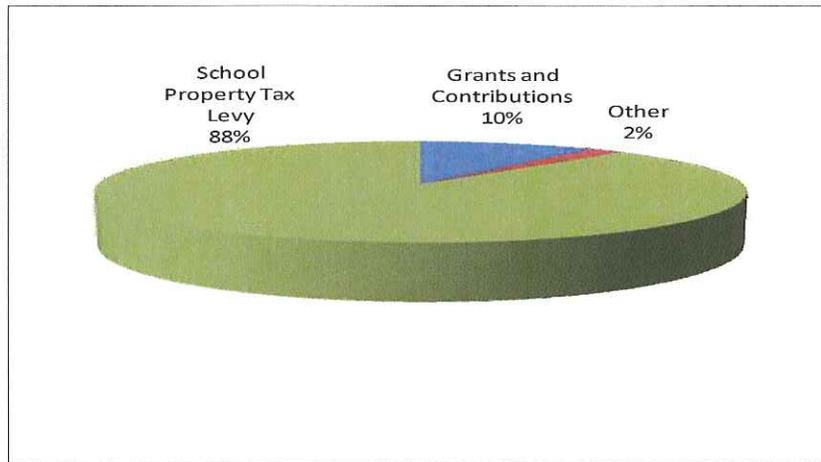
Management's Discussion and Analysis Year Ended June 30, 2011

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$17,625,883 for the year ended June 30, 2011, property taxes of \$15,573,483 represented 88% of revenues. Another significant portion of revenues came from grants and contributions which totaled \$1,738,511 and represented 10% of revenues. In addition, charges for services from transportation fees and tuition and general revenue from miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 2% of revenues.

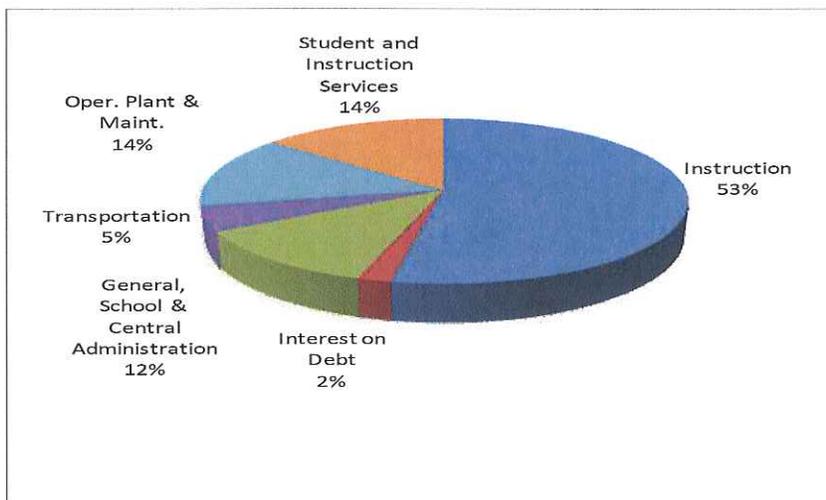
The total cost of all governmental activities programs and services was \$17,408,472. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$9,170,741 (53%) of total expenses. Student support services, total \$7,834,464 (45%) of total expenses and interest on debt totaled \$383,267 (2%) of total expenses.

Total governmental activities revenues exceeded expenses increasing net assets by \$214,841 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2011



Expenses by Use – Governmental Activities
For Fiscal Year 2011



FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Year Ended June 30, 2011

Net Cost of Governmental Activities. The District's total cost of services was \$17,408,472. After applying program revenues, derived from operating and capital grants and contributions of \$1,738,511, and charges for services of \$194,366, the net cost of services of the District is \$15,475,595.

**Net Cost of Governmental Activities
For the Years Ended June 30, 2011 and 2010**

	Total Cost of Services		Net Cost of Services	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction				
Regular	\$ 6,277,653	\$ 6,860,495	\$ 5,592,898	\$ 6,127,685
Special Education	2,602,610	2,702,625	1,862,939	1,397,095
Other Instruction	141,708	108,418	128,415	44,929
School Sponsored Activities and Athletics	148,770	148,955	148,770	148,955
Support Services				
Student and Instruction Related Services	2,493,443	2,659,787	2,236,802	2,426,816
General Administrative Services	608,928	574,800	608,928	574,800
School Administrative Services	1,061,376	1,081,152	985,498	1,005,497
Central Services	365,831	338,009	347,360	319,429
Plant Operations and Maintenance	2,508,052	2,446,176	2,502,547	2,340,177
Pupil Transportation	816,834	804,200	678,171	561,609
Interest on Debt	383,267	372,251	383,267	372,251
Total	<u>\$ 17,408,472</u>	<u>\$ 18,096,868</u>	<u>\$ 15,475,595</u>	<u>\$ 15,319,243</u>

Business-Type Activities – The District's total business-type activities revenues were \$11,138 for the year ended June 30, 2011. Charges for services accounted for 76% of total revenues. Operating grants and contributions accounted for 24% of total revenues.

Total cost of all business-type activities programs and services was \$13,708 for the year ended June 30, 2011.

There were transfers of \$2,186 from governmental activities during the year.

Total business-type activities expenses surpassed revenues and transfers in, decreasing net assets by \$384 from the previous year.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Year Ended June 30, 2011

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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 \$830,058, an increase of \$96,162 from last year's fund balance of \$733,896. This increase was attributable to revenues which exceeded budget estimates as well as expenditures which were less than amounts budgeted for the 2010/2011 school year.

Revenues for the District's governmental funds were \$17,625,883, while total expenditures were \$17,527,535.

GENERAL FUND

The General fund includes the primary operations of the District in providing educational services to students from Kindergarten through Grade 8.

The following schedule presents a summary of General Fund Revenues.

	Year Ended <u>June 30, 2011</u>	Year Ended <u>June 30, 2010</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Taxes	\$ 14,617,866	\$ 14,278,900	\$ 338,966	2%
Other	313,771	342,446	(28,675)	(8)%
State Sources	<u>1,359,333</u>	<u>1,989,888</u>	<u>(630,555)</u>	<u>(32)%</u>
Total General Fund Revenues	<u>\$ 16,290,970</u>	<u>\$ 16,611,234</u>	<u>\$ (320,264)</u>	<u>(2)%</u>

Total General Fund revenues decreased \$320,264 or 2% from the previous year. Property taxes increased \$338,966 or 3% to offset decreases in State aid. As indicated, State aid decreased \$630,555 or 32% mainly due to decreases in State categorical aid such as special education, transportation and security aid.

The following schedule presents a summary of General Fund expenditures.

	Year Ended <u>June 30, 2011</u>	Year Ended <u>June 30, 2010</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 8,965,125	\$ 9,295,033	\$ (329,908)	(4)%
Support Services	7,024,764	7,068,167	(43,403)	(1)%
Debt Service	39,608	100,955	(61,347)	(61)%
Capital Outlay	<u>82,454</u>	<u>172,296</u>	<u>(89,842)</u>	<u>(52)%</u>
Total Expenditures	<u>\$ 16,111,951</u>	<u>\$ 16,636,451</u>	<u>\$ (524,500)</u>	<u>(3)%</u>

Total General Fund expenditures decreased \$524,500 or 3% from the previous year. Notable decreases during the year were attributed to decreases in salary requirements for instruction, special education tuition costs, and equipment purchases during the current year.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Year Ended June 30, 2011

GENERAL FUND (Continued)

In 2010-2011 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$176,951. Therefore, total fund balance increased to \$830,058 at June 30, 2011. After deducting restricted and assigned fund balances, the unassigned fund balance increased from \$89,672 at June 30, 2010 to \$165,593 at June 30, 2011. In addition, the District did not assign or designate any fund balance at year end for use in the subsequent school year's budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2011, the District had \$16,559,864 invested in land, buildings, furniture, equipment and vehicles for governmental activities. The following is a comparison of the June 30, 2011 and 2010 balances:

Capital Assets		Governmental Activities	
as of June 30, 2011 and 2010		<u>2011</u>	<u>2010</u>
Land	\$	1,156,663	\$ 1,156,663
Land Improvements		1,369,190	1,369,190
Buildings and Building Improvements		22,352,602	22,316,223
Machinery and Equipment		<u>2,377,562</u>	<u>2,317,387</u>
		27,256,017	27,159,463
Less Accumulated Depreciation		<u>(10,642,152)</u>	<u>(9,914,100)</u>
Total		<u>\$ 16,613,865</u>	<u>\$ 17,245,363</u>

Additional information on the District's capital assets is presented in Note 3 of this report.

LONG TERM LIABILITIES

At June 30, 2011 the District had \$10,059,995 of total outstanding debt. Of this amount, \$9,785,000 is for serial bonds and \$274,995 is for compensated absences. The following is a comparison of the June 30, 2011 and 2010 balances:

Outstanding Long-Term Debt		Governmental Activities	
as of June 30, 2011 and 2010		<u>2011</u>	<u>2010</u>
Serial Bonds	\$	9,785,000	\$ 10,425,000
Capital Leases Payable		-	37,939
Compensated Absences		<u>274,995</u>	<u>344,498</u>
Total		<u>\$ 10,059,995</u>	<u>\$ 10,807,437</u>

Additional information of the District's long-term liabilities is presented in Note 3 of this report.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2011

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reinstating prior year purchase orders being carried over as an encumbrance.
- Increases in appropriations for significant unbudgeted costs.

Revisions in the budget were made through budget transfers to prevent over expenditures in specific line item accounts. The District also appropriated additional unassigned fund balance to the budget during the year for unbudgeted items. Other revisions to the budget during the year were the reappropriation of prior year encumbrances.

General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses increasing budgetary fund balance \$12,496 from the previous year. After deducting fund balances restricted and committed, the unassigned budgetary fund balance decreased \$88,534, from \$386,681 at June 30, 2010 to \$298,147 at June 30, 2011.

FACTORS BEARING ON THE DISTRICT'S FUTURE

While many factors influence the district's future, the availability of funding for increased enrollment, special education needs and the economy will have the most impact on educational and fiscal decisions in the future.

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.

These indicators were considered when adopting the budget for fiscal year 2011-2012. Budgeted expenditures in the General Fund remained relatively unchanged at \$15,260,075 for fiscal year 2011-2012. Overall contractual salary requirements remained virtually unchanged and decreases in special education tuition costs and energy costs were offset with increases in employee health 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 Business Office, Florham Park Board of Education, P.O. Box 39, Florham Park, NJ 07932.

BASIC FINANCIAL STATEMENTS

FLORHAM PARK 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	\$ 749,902		\$ 749,902
Receivables, net	128,748		128,748
Deferred Charges	86,141		86,141
Capital Assets, Not Being Depreciated	1,156,663		1,156,663
Capital Assets, Being Depreciation, Net	<u>15,457,202</u>	<u>\$ 4,730</u>	<u>15,461,932</u>
Total Assets	<u>17,578,656</u>	<u>4,730</u>	<u>17,583,386</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	28,364		28,364
Payable to Other Governments	11,667		11,667
Accrued Interest Payable	175,703		175,703
Unearned Revenue	8,561		8,561
Noncurrent Liabilities			
Due Within One Year	688,637		688,637
Due Beyond One Year	<u>9,385,630</u>	<u>-</u>	<u>9,385,630</u>
Total Liabilities	<u>10,298,562</u>	<u>-</u>	<u>10,298,562</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,900,734	4,730	6,905,464
Restricted for			
Capital Projects	384,597		384,597
Unrestricted	<u>(5,237)</u>	<u>-</u>	<u>(5,237)</u>
Total Net Assets	<u>\$ 7,280,094</u>	<u>\$ 4,730</u>	<u>\$ 7,284,824</u>

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

**FLORHAM PARK 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		
Governmental Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Instruction Regular Special Education Other Instruction School Sponsored Activities and Athletics Support Services Student and Instruction Related Services General Administrative Services School Administrative Services Central Services Plant Operations and Maintenance Pupil Transportation Interest on Debt Total Governmental Activities	\$ 6,277,653 2,602,610 141,708 148,770 2,493,443 608,928 1,061,376 365,831 2,508,052 816,834 383,267 17,408,472	\$ 75,225 595,430 739,671 13,293 256,641 75,878 18,471 5,505 119,141 - 194,366	\$ 14,100 14,100 - - - - - - - - 1,724,411	\$ 14,100 - - - - - - - - - 14,100	\$ (5,592,898) (1,862,939) (128,415) (148,770) (2,236,802) (608,928) (985,498) (347,360) (2,502,547) (678,171) (383,267) (15,475,595)	- - - - - - - - - - -	\$ (5,592,898) (1,862,939) (128,415) (148,770) (2,236,802) (608,928) (985,498) (347,360) (2,502,547) (678,171) (383,267) (15,475,595)
Business-Type Activities Food Service Total Business-Type Activities Total Primary Government	13,708 13,708 17,422,180	8,413 8,413 202,779	- - 1,727,136	- - 14,100	\$ (2,570) (2,570) (2,570)	- - -	(2,570) (2,570) (15,478,165)
General Revenues Taxes Property Tax, Levied for General Purposes Property Tax, Levied for Debt Service Investment Earnings Miscellaneous Income Transfers Total General Revenues and Transfers Change in Net Assets Net Assets, Beginning of Year Net Assets, End of Year	\$ 17,422,180	\$ 202,779	\$ 1,727,136	\$ 14,100	14,617,866 955,617 7,592 111,931 (2,186) 15,690,820	14,617,866 955,617 7,592 111,931 2,186 2,186 (384) 5,114 4,730	14,617,866 955,617 7,592 111,931 - 15,693,006 214,841 7,069,983 7,284,824

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 749,902				\$ 749,902
Receivables from Other Governments	41,138	\$ 87,366			128,504
Due from Other Funds	64,808	-	-	-	64,808
	<u>855,848</u>	<u>87,366</u>	<u>-</u>	<u>-</u>	<u>943,214</u>
Total Assets	<u>\$ 855,848</u>	<u>\$ 87,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 943,214</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 24,789	\$ 3,575			\$ 28,364
Due to Other Funds	1,001	63,563			64,564
Payable to State Government		11,667			11,667
Payable to Federal Government					-
Deferred Revenue	-	8,561	-	-	8,561
	<u>25,790</u>	<u>87,366</u>	<u>-</u>	<u>-</u>	<u>113,156</u>
Total Liabilities	<u>25,790</u>	<u>87,366</u>	<u>-</u>	<u>-</u>	<u>113,156</u>
Fund Balances					
Restricted					
Capital Reserve	384,597				384,597
Emergency Reserve	250,000				250,000
Assigned					
Year End Encumbrances	29,868				29,868
Unassigned	165,593	-	-	-	165,593
	<u>830,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>830,058</u>
Total Fund Balances	<u>830,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>830,058</u>
Total Liabilities and Fund Balances	<u>\$ 855,848</u>	<u>\$ 87,366</u>	<u>\$ -</u>	<u>\$ -</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 \$27,256,017 and the accumulated depreciation is \$10,642,152.

16,613,865

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

(175,703)

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

Serial Bonds Payable, Net	\$ 9,799,272	
Deferred Charge-		
Unamortized Bond Issuance Costs	(86,141)	
Compensated Absences	274,995	
		<u>(9,988,126)</u>

Net assets of governmental activities \$ 7,280,094

**FLORHAM PARK 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>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 14,617,866			\$ 955,617	\$ 15,573,483
Transportation Fees	119,141				119,141
Tuition	75,225				75,225
Interest	7,474		\$ 118		7,592
Miscellaneous	111,931	\$ 33,424	-	-	145,355
Total - Local Sources	14,931,637	33,424	118	955,617	15,920,796
State Sources	1,359,333	36,641			1,395,974
Federal Sources	-	309,113	-	-	309,113
Total Revenues	16,290,970	379,178	118	955,617	17,625,883
EXPENDITURES					
Current					
Instruction					
Regular	6,331,341	20,138			6,351,479
Special Education	2,351,264	250,124			2,601,388
Other Instruction	133,750	7,958			141,708
School-Sponsored Activities and Athletics	148,770				148,770
Support Services					
Student and Instruction Related Services	2,382,429	86,858			2,469,287
General Administrative Services	588,560				588,560
School Administrative Services	1,024,353				1,024,353
Central Services	365,104				365,104
Plant Operations and Maintenance	1,869,193				1,869,193
Student Transportation Services	795,125				795,125
Debt Service					
Principal	37,939			640,000	677,939
Interest and Other Charges	1,669			396,406	398,075
Capital Outlay	82,454	14,100	-	-	96,554
Total Expenditures	16,111,951	379,178	-	1,036,406	17,527,535
Excess (Deficiency) of Revenues Over (Under) Expenditures	179,019	-	118	(80,789)	98,348
OTHER FINANCING SOURCES (USES)					
Transfers In	118				118
Transfers Out	(2,186)	-	(118)	-	(2,304)
Total Other Financing Sources and Uses	(2,068)	-	(118)	-	(2,186)
Net Change in Fund Balances	176,951	-	-	(80,789)	96,162
Fund Balance, Beginning of Year	653,107	-	-	80,789	733,896
Fund Balance, End of Year	\$ 830,058	\$ -	\$ -	\$ -	\$ 830,058

**FLORHAM PARK 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) \$ 96,162

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 Outlay	\$ 96,554	
Depreciation Expense	<u>(728,052)</u>	
		(631,498)

In the statement of activities, certain operating expenses - compensated absences 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		69,503
----------------------	--	--------

Repayment of long-term debt 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.

Serial Bonds	640,000	
Capital Leases	<u>37,939</u>	
		677,939

The issuance of refunding bonds provides current financial resources to the governmental funds, while the repayment of the refunded bonds uses those current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	77,911	
Amortization of Deferred Amounts on Refunding	(75,974)	
Amortization of Cost of Issuance	<u>(11,689)</u>	
		(9,752)

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>12,871</u>
------------------------------	--	---------------

Change in net assets of governmental activities (Exhibit A-2) \$ 215,225

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

	Non-Major Enterprise Fund <u>Food Service</u>
ASSETS	
Capital Assets	
Equipment	\$ 108,382
Less: Accumulated Depreciation	<u>(103,652)</u>
Total Capital Assets	<u>4,730</u>
Total Assets	<u>4,730</u>
 NET ASSETS	
Invested in Capital Assets	4,730
Unrestricted	<u>-</u>
Total Net Assets	<u><u>\$ 4,730</u></u>

**FLORHAM PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Non-Major Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Local Sources	
Daily Sales	\$ 8,413
Total Operating Revenues	8,413
OPERATING EXPENSES	
Cost of Sales	11,635
Depreciation	2,073
Total Operating Expenses	13,708
Operating Loss	(5,295)
Nonoperating Revenues	
Federal Sources	
Special School Milk Program	2,725
Total Nonoperating Revenues	2,725
Other Financing sources	
Transfer In	2,186
Total Other Financing Sources	2,186
Changes in Net Assets	(384)
Total Net Assets, Beginning of Year	5,114
Total Net Assets, End of Year	\$ 4,730

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

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

	Non-Major Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 8,413
Cash Payments to Suppliers for Goods and Services	<u>(11,635)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(3,222)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal	
Subsidy Reimbursements	3,294
Cash Received from General Fund	<u>2,186</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>5,480</u>
Cash Flows from Capital Financing Activities	
Purchase of Capital Assets	<u>(2,469)</u>
Net Cash Provided by (Used for) Capital Financing Activities	<u>(2,469)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(211)
Cash and Cash Equivalents, Beginning of Year	<u>211</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ (5,295)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (Used for) Operating Activities	
Depreciation	<u>2,073</u>
Total Adjustments	<u>2,073</u>
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (3,222)</u>

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

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

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 42,987	\$ 6,305	\$ 45,525
Other Receivables	5,284		
Due from Other Funds	<u>1,001</u>	<u>-</u>	<u>-</u>
Total Assets	<u>49,272</u>	<u>6,305</u>	<u>\$ 45,525</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 4,696
Accrued Salaries and Wages			1,504
Due to Other Funds			1,245
Intergovernmental Payable - State	5,806		-
Due to Student Groups	<u>-</u>	<u>-</u>	<u>38,080</u>
Total Liabilities	<u>5,806</u>	<u>-</u>	<u>\$ 45,525</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 43,466</u>	<u>\$ 6,305</u>	

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

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
ADDITIONS		
Contributions		
District	\$ 65,000	
Employees	14,344	
Investment Earnings		
Interest	-	\$ 26
	<hr/>	<hr/>
Total Additions	79,344	26
	<hr/>	<hr/>
DEDUCTIONS		
Scholarship Awards		175
Unemployment Claims and Contributions	55,296	-
	<hr/>	<hr/>
Total Deductions	55,296	175
	<hr/>	<hr/>
Change in Net Assets	24,048	(149)
Net Assets, Beginning of Year	19,418	6,454
	<hr/>	<hr/>
Net Assets, End of Year	\$ 43,466	\$ 6,305
	<hr/>	<hr/>

The accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement

NOTES TO THE BASIC FINANCIAL STATEMENTS

**FLORHAM PARK 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 Florham Park 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 seven 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 Florham Park 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.

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.

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.

**FLORHAM PARK 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)

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 and major individual enterprise 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.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

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.

**FLORHAM PARK 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 (Continued)

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 milk to students.

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, 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 enterprise funds include 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.

**FLORHAM PARK 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 Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

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.

**FLORHAM PARK 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

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.

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 of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	10-30
Buildings	40
Building Improvements	20
Machinery and Equipment	5-20

5. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated 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 accrue accumulated sick leave and salary related payments in the period that they are earned. 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.

**FLORHAM PARK 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)

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.

7. *Fund Equity*

Beginning with fiscal year 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.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2B.)

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

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.

Year-End Encumbrances – Represent 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.

**FLORHAM PARK 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 \$163,925. The increase was funded by additional surplus appropriated, 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.

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 fund balance 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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

A capital reserve account was established by the District on October 16, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Beginning balance		\$ 144,537
Increases:		
Interest earnings	\$ 60	
Deposits Approved by Board Resolution	<u>240,000</u>	
		<u>240,060</u>
Ending balance		<u>\$ 384,597</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects is \$994,136.

C. Transfers to Capital Outlay

During the 2010/2011 school year, the district transferred \$22,500 to the capital outlay facilities acquisition and construction services accounts. The transfer was made from available appropriation balances in current expense budget accounts. The transfer was approved by the County Superintendent as required by N.J.A.C. 6A:23A-13.3(h).

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.

**FLORHAM PARK 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)

A. Deposits and Investments (Continued)

Deposits (Continued)

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 \$844,719 and bank balances of the Board's cash and deposits amounted to \$1,161,946. 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>1,161,946</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. As of June 30, 2011 none of the Board's bank balance was exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

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

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**FLORHAM PARK 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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 41,138	\$ 87,366		\$ 128,504
Other	-	-	\$ 5,284	5,284
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	41,138	87,366	5,284	133,788
Less: Allowance for Uncollectibles	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Total Receivables	<u>\$ 41,138</u>	<u>\$ 87,366</u>	<u>\$ 5,284</u>	<u>\$ 133,788</u>

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	<u>\$8,561</u>
Total deferred revenue for governmental funds	<u>\$8,561</u>

**FLORHAM PARK 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

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, Not Being Depreciated:				
Land	\$ 1,156,663	-	-	\$ 1,156,663
Total Capital Assets, Not Being Depreciated	<u>1,156,663</u>	<u>-</u>	<u>-</u>	<u>1,156,663</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,369,190			1,369,190
Building and Building Improvements	22,316,223	\$ 36,379		22,352,602
Machinery and Equipment	2,317,387	60,175	-	2,377,562
Total Capital Assets Being Depreciated	<u>26,002,800</u>	<u>96,554</u>	<u>-</u>	<u>26,099,354</u>
Less Accumulated Depreciation for:				
Land Improvements	(768,284)	(76,898)		(845,182)
Building and Building Improvements	(7,143,351)	(544,654)		(7,688,005)
Machinery and Equipment	(2,002,465)	(106,500)	-	(2,108,965)
Total Accumulated Depreciation	<u>(9,914,100)</u>	<u>(728,052)</u>	<u>-</u>	<u>(10,642,152)</u>
Total Assets, Being Depreciation, Net	<u>16,088,700</u>	<u>(631,498)</u>	<u>-</u>	<u>15,457,202</u>
Government Activities Capital Assets, Net	<u>\$ 17,245,363</u>	<u>\$ (631,498)</u>	<u>\$ -</u>	<u>\$ 16,613,865</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 105,913	\$ 2,469	-	\$ 108,382
Total Capital Assets Being Depreciated	<u>105,913</u>	<u>2,469</u>	<u>-</u>	<u>108,382</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(101,579)	(2,073)	-	(103,652)
Total Accumulated Depreciation	<u>(101,579)</u>	<u>(2,073)</u>	<u>-</u>	<u>(103,652)</u>
Total Capital Assets, Being Depreciated, Net	<u>4,334</u>	<u>396</u>	<u>-</u>	<u>4,730</u>
Business-Type Activities Capital Assets, Net	<u>\$ 4,334</u>	<u>\$ 396</u>	<u>\$ -</u>	<u>\$ 4,730</u>

**FLORHAM PARK 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)

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

Governmental Activities:

Instruction	
Regular	\$ 10,063
Total Instruction	<u>10,063</u>
Support Services	
Student and Instructional Related Services	14,408
General Administrative Services	8,679
School Administrative Services	33,986
Central Services	727
Plant Operations and Maintenance	638,480
Pupil Transportation	<u>21,709</u>
Total Support Services	<u>717,989</u>
Total depreciation expense - governmental activities	<u>\$ 728,052</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 2,073</u>

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	Agency Fund	\$ 1,245
General Fund	Special Revenue Fund	63,563
Unemployment Compensation Trust Fund	General Fund	<u>1,001</u>
Total		<u>\$ 65,809</u>

**FLORHAM PARK 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 (Continued)

The above balances are the result of revenues earned in one fund which are due to another fund and/or to cover cash balances which were in an overdraft position.

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

Interfund transfers

	Transfer In:		Total
	General	Enterprise Food Service	
Transfer Out:			
Capital Projects Fund	\$ 118		\$ 118
General Fund	-	\$ 2,186	2,186
 Total transfers out	 \$ 118	 \$ 2,186	 \$ 2,304

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund.

E. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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:

\$10,940,000, 2002 Bonds, due in annual installments of \$635,000 through July 15, 2011, interest at 4.20%	\$ 635,000
\$9,185,000, 2009 Bonds, due in annual installments of \$35,000 to \$945,000 through July 15, 2022, interest at 2.00% to 5.00%	<u>9,150,000</u>
	<u>\$9,785,000</u>

**FLORHAM PARK 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)

E. 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>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 670,000	\$ 356,332	\$ 1,026,332
2013	695,000	347,719	1,042,719
2014	710,000	331,731	1,041,731
2015	730,000	313,056	1,043,056
2016	760,000	287,156	1,047,156
2017-2021	4,335,000	879,922	5,214,922
2022-2023	<u>1,885,000</u>	<u>76,675</u>	<u>1,961,675</u>
	<u>\$ 9,785,000</u>	<u>\$ 2,592,591</u>	<u>\$ 12,377,591</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)	\$ 99,963,349
Less: Net Debt	<u>9,785,000</u>
Remaining Borrowing Power	<u>\$ 90,178,349</u>

Prior-Year Defeasance of Debt

In prior years, the District defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On June 30, 2011, \$9,100,000 of bonds outstanding are considered defeased.

**FLORHAM PARK 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)

E. Long-Term Debt (Continued)

Changes in long-term liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 10,425,000		\$ 640,000	\$ 9,785,000	\$ 670,000
Deferred Amounts:					
Add: Original Issue Premium	652,038		77,911	574,127	
Less: On Refunding	<u>(635,829)</u>	<u>-</u>	<u>(75,974)</u>	<u>(559,855)</u>	<u>-</u>
Total Bonds Payable	10,441,209	-	641,937	9,799,272	670,000
Capital Leases Payable	37,939		37,939	-	
Compensated Absences	<u>344,498</u>	<u>\$ 9,166</u>	<u>78,669</u>	<u>274,995</u>	<u>18,637</u>
Governmental Activity Long-Term Liabilities	<u>\$ 10,823,646</u>	<u>\$ 9,166</u>	<u>\$ 758,545</u>	<u>\$ 10,074,267</u>	<u>\$ 688,637</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

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 has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur.

The District is a member of the New Jersey School Board Association Insurance Group . The Group is a risk sharing public entity pool, established for the purpose of insuring against various types of insurance coverages including worker's compensation, property, auto and general liability claims.

The relationship between the Board and the insurance funds 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 funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

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

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management

New Jersey School Board Association Insurance Group 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.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 65,000	\$ 14,344	\$ 55,196	\$ 43,466
2010	None	15,429	44,344	19,418
2009	30,000	15,369	9,236	48,264

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.

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

NOTE 4 OTHER INFORMATION (Continued)

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 not estimated its arbitrage earnings due to the IRS, if any.

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.

**FLORHAM PARK 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)

Other Pension Funds (Continued)

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.

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.

**FLORHAM PARK 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

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.

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.

**FLORHAM PARK 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 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	\$ 202,935	\$ 21,802	\$ 1,034
2010	159,899	26,880	None
2009	115,069	22,698	None

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 \$21,802, \$26,880 and \$22,698 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 \$522,200 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.

**FLORHAM PARK 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)

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.

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.

**FLORHAM PARK 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)

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.

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 \$463,068, \$504,853 and \$433,029, 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

**FLORHAM PARK 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
REVENUES					
Local Sources					
Property Tax Levy	\$ 14,617,866		\$ 14,617,866	\$ 14,617,866	
Transportation Fees From Individuals	43,000		43,000	42,491	\$ (509)
Transportation Fees From Other LEA's	60,000		60,000	76,650	16,650
Tuition	72,000		72,000	75,225	3,225
Interest				7,414	7,414
Interest on Capital Reserve	20		20	60	40
Miscellaneous	80,000	-	80,000	111,931	31,931
Total Local Sources	14,872,886	-	14,872,886	14,931,637	58,751
State Sources					
Special Education Aid	46,581		46,581	46,581	-
Additional Nonpublic Transportation Aid				8,673	8,673
Extraordinary Aid	139,717		139,717	132,554	(7,163)
On-behalf TPAF Pension Payments - NCGI Premium (Non-Budget)				21,802	21,802
On-behalf TPAF Payments - Post Retirement Medical Benefits (Non-Budget)				463,068	463,068
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	522,200	522,200
Total State Sources	186,298	-	186,298	1,194,878	1,008,580
Total Revenues	15,059,184	-	15,059,184	16,126,515	1,067,331
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	63,949	\$ 959	64,908	64,908	
Kindergarten	216,201	57,454	273,655	273,655	
Grades 1-5	2,177,701	(89,747)	2,087,954	2,087,954	
Grades 6-8	1,557,642	(49,977)	1,507,665	1,507,665	
Regular Program - Home Instruction					
Salaries of Teachers	10,000	(5,780)	4,220	4,220	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	190,909	45,202	236,111	236,111	
Purchased Professional/Educational Services	11,400	(6,215)	5,185	4,745	440
Purchased Technical Services	24,505	2,799	27,304	26,284	1,020
Other Purchased Services	122,100	(665)	121,435	120,665	770
General Supplies	226,315	17,314	243,629	237,844	5,785
Textbooks	14,130	13,309	27,439	27,439	
Other Objects	15,850	(6,872)	8,978	8,717	261
Total Regular Programs	4,630,702	(22,219)	4,608,483	4,600,207	8,276
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	201,369	38,592	239,961	239,961	
Other Salaries for Instruction	40,833	19,493	60,326	60,326	
General Supplies	8,000	(3,879)	4,121	3,287	834
Textbooks	2,500	(655)	1,845	1,836	9
Total Learning and/or Language Disabilities	252,702	53,551	306,253	305,410	843

**FLORHAM PARK 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 EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 709,211	\$ 27,674	\$ 736,885	\$ 736,885	
Other Salaries for Instruction	73,924	89,515	163,439	163,439	
General Supplies	9,500	(7,967)	1,533	1,533	
Textbooks	1,900	(1,500)	400	200	\$ 200
Total Resource Room	<u>794,535</u>	<u>107,722</u>	<u>902,257</u>	<u>902,057</u>	<u>200</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	52,000	(76)	51,924	51,924	
Other Salaries for Instruction	50,000	23,610	73,610	73,610	
General Supplies	2,250	(1,204)	1,046	1,046	-
Total Preschool Disabilities - Full-Time	<u>104,250</u>	<u>22,330</u>	<u>126,580</u>	<u>126,580</u>	<u>-</u>
Total Special Education	<u>1,151,487</u>	<u>183,603</u>	<u>1,335,090</u>	<u>1,334,047</u>	<u>1,043</u>
Basic Skills/Remedial					
Salaries of Teachers	-	82,397	82,397	82,397	-
Total Basic Skills/Remedial	<u>-</u>	<u>82,397</u>	<u>82,397</u>	<u>82,397</u>	<u>-</u>
Bilingual Education - Instruction					
Salaries of Teachers	35,986	540	36,526	36,526	
General Supplies	250	-	250	250	-
Total Bilingual Education - Instruction	<u>36,236</u>	<u>540</u>	<u>36,776</u>	<u>36,776</u>	<u>-</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	85,000	-	85,000	62,702	22,298
Supplies and Materials	8,285	(2,000)	6,285	5,705	580
Total School Sponsored Co/Extra Curricular Activities	<u>93,285</u>	<u>(2,000)</u>	<u>91,285</u>	<u>68,407</u>	<u>22,878</u>
School Sponsored Athletics					
Salaries	40,000	(615)	39,385	31,527	7,858
Purchased Services	4,500	1,700	6,200	6,200	
Supplies and Materials	5,240	(2,049)	3,191	3,191	
Other Objects	1,500	(65)	1,435	1,435	-
Total School Sponsored Athletics	<u>51,240</u>	<u>(1,029)</u>	<u>50,211</u>	<u>42,353</u>	<u>7,858</u>
Other Instructional Programs					
Supplies and Materials	700	-	700	682	18
Total Other Instructional Programs	<u>700</u>	<u>-</u>	<u>700</u>	<u>682</u>	<u>18</u>
Total Instruction	<u>5,963,650</u>	<u>241,292</u>	<u>6,204,942</u>	<u>6,164,869</u>	<u>40,073</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	357,000	(130,483)	226,517	211,448	15,069
Tuition to CSSD & Reg. Day Schools		11,702	11,702	11,480	222
Tuition to Priv. Sch. for the Disabled					
Within the State	109,000	120,809	229,809	221,619	8,190
Tuition - Other	66,000	(54,617)	11,383	11,383	-
Total Undistributed Expenditures - Instruction	<u>532,000</u>	<u>(52,589)</u>	<u>479,411</u>	<u>455,930</u>	<u>23,481</u>

**FLORHAM PARK 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 EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 237,654	\$ 6,823	\$ 244,477	\$ 244,477	
Purchased Professional-Technical Services	15,000		15,000	15,000	
Other Purchased Services	1,250	(556)	694	313	\$ 381
Supplies and Materials	5,010	(2,717)	2,293	2,292	1
Other Objects	900	-	900	560	340
Total Health Services	<u>259,814</u>	<u>3,550</u>	<u>263,364</u>	<u>262,642</u>	<u>722</u>
Speech, OT, PT and Related Services					
Salaries	447,788	(40,650)	407,138	407,138	
Purchased Professional-Educational Services	133,600	(32,281)	101,319	100,421	898
Supplies and Materials	4,950	(2,397)	2,553	2,320	233
Total Speech, OT, PT and Related Services	<u>586,338</u>	<u>(75,328)</u>	<u>511,010</u>	<u>509,879</u>	<u>1,131</u>
Other Support Services-Students-Extra Serv.					
Salaries	118,131	(94,911)	23,220	23,220	-
Total Other Support Services - Students - Extra Serv.	<u>118,131</u>	<u>(94,911)</u>	<u>23,220</u>	<u>23,220</u>	<u>-</u>
Guidance					
Salaries of Other Professional Staff	119,117	3,591	122,708	122,708	
Salaries of Secretarial and Clerical Assistants	62,405	(25,389)	37,016	37,016	
Other Purchased Professional and Tech. Services	25,500	(2,018)	23,482	23,482	
Other Purchased Services	700		700	186	514
Supplies and Materials	3,100	(33)	3,067	3,050	17
Other Objects	250	-	250	150	100
Total Guidance	<u>211,072</u>	<u>(23,849)</u>	<u>187,223</u>	<u>186,592</u>	<u>631</u>
Child Study Team					
Salaries of Other Professional Staff	272,976	(20,130)	252,846	252,846	
Salaries of Secretarial and Clerical Assistants	61,255	919	62,174	62,174	
Other Purchased Professional and Tech. Services	21,150	(11,935)	9,215	9,215	
Misc Purchased Services	10,000	358	10,358	10,358	
Supplies and Materials	10,280	(1,275)	9,005	7,754	1,251
Other Objects	2,160	(372)	1,788	1,494	294
Total Child Study Team	<u>377,821</u>	<u>(32,435)</u>	<u>345,386</u>	<u>343,841</u>	<u>1,545</u>
Improvement of Instructional Services					
Salaries of Other Professional Staff	54,000	979	54,979	54,979	
Other Salaries	39,000	(1,620)	37,380	34,583	2,797
Total Improvement of Instructional Services	<u>93,000</u>	<u>(641)</u>	<u>92,359</u>	<u>89,562</u>	<u>2,797</u>
Educational Media Services/School Library					
Salaries	267,656	(20,852)	246,804	246,792	12
Purchased Professional and Technical Services	7,800		7,800	7,800	
Other Purchased Services	8,645	(161)	8,484	8,484	
Supplies and Materials	23,137	(9,726)	13,411	13,280	131
Total Educational Media Serv./School Library	<u>307,238</u>	<u>(30,739)</u>	<u>276,499</u>	<u>276,356</u>	<u>143</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	54,000	641	54,641	54,641	
Other Salaries	6,000	1,700	7,700	7,350	350
Purchased Professional/Educational Services	45,450	(19,100)	26,350	8,199	18,151
Other Purchased Services	6,500	(1,106)	5,394	2,663	2,731
Other Objects	1,375	-	1,375	830	545
Total Staff Training Services	<u>113,325</u>	<u>(17,865)</u>	<u>95,460</u>	<u>73,683</u>	<u>21,777</u>

**FLORHAM PARK 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 EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 252,512	\$ 966	\$ 253,478	\$ 253,470	\$ 8
Legal Services	40,000	8,981	48,981	48,981	
Audit Fees	16,500	16,500	33,000	16,500	16,500
Other Purchased Professional Services	9,500	19,026	28,526	25,026	3,500
Communications/Telephone	48,500	14,756	63,256	63,170	86
Miscellaneous Purchased Services	31,000	(1,063)	29,937	29,872	65
General Supplies	4,000	3,075	7,075	7,075	
Miscellaneous Expenditures	14,000	(2,132)	11,868	11,868	-
Total Support Services General Administration	416,012	60,109	476,121	455,962	20,159
Support Services School Administration					
Salaries of Principal/Asst. Principals	394,537	6,335	400,872	400,872	
Salaries of Other Professional Staff	112,890	5,693	118,583	118,583	
Salaries of Secretarial and Clerical Assistants	186,715	5,647	192,362	192,362	
Purchased Professional and Technical Services	1,750	(500)	1,250	1,200	50
Other Purchased Services	22,810	(4,500)	18,310	17,262	1,048
Supplies and Materials	10,875	(5,413)	5,462	4,975	487
Other Objects	8,700	(3,013)	5,687	5,573	114
Total Support Services School Administration	738,277	4,249	742,526	740,827	1,699
Support Services Central Services					
Salaries	214,022	2,623	216,645	216,645	
Purchased Professional Service		22,812	22,812	22,705	107
Purchased Technical Services	11,500	3,055	14,555	14,555	
Miscellaneous Purchased Services	15,500	10,176	25,676	25,676	
Supplies and Materials	3,000	1,546	4,546	4,546	
Miscellaneous Expenditures	1,400	-	1,400	1,315	85
Total Support Central School Administration	245,422	40,212	285,634	285,442	192
Required Maintenance for School Facilities					
Salaries	144,710	32,500	177,210	177,210	
Cleaning, Repair and Maintenance Services	95,670	87,228	182,898	182,798	100
General Supplies	52,550	(20,264)	32,286	32,221	65
Total Required Maintenance for School Fac.	292,930	99,464	392,394	392,229	165
Custodial Services					
Salaries	518,026	(45,993)	472,033	472,033	
Salaries of Non-Instructional Aides		23,296	23,296	23,296	
Purchased Prof. And Technical Serv.	36,200	6,221	42,421	42,421	
Cleaning, Repair and Maint. Serv.	19,500	3,133	22,633	22,461	172
Other Purchased Property Services	30,000	11,052	41,052	41,052	
Insurance	80,000	(3,853)	76,147	76,147	
Miscellaneous Purchased Services	600	458	1,058	1,058	
General Supplies	37,000	4,448	41,448	41,414	34
Energy (Natural Gas)	145,000	(55,036)	89,964	89,939	25
Energy (Electricity)	310,000	(25,606)	284,394	284,394	
Other Objects	1,400	1,682	3,082	3,082	-
Total Custodial Services	1,177,726	(80,198)	1,097,528	1,097,297	231
Care and Upkeep of Grounds					
Salaries	61,000	(1,166)	59,834	59,780	54
Purchased Professional and Technical Services	2,500	2,428	4,928	4,928	
Cleaning, Repair and Maintenance Svc.	13,900	5,913	19,813	19,813	
General Supplies	13,500	12,402	25,902	25,902	
Other Objects	-	15	15	15	-
Total Care and Upkeep of Grounds	90,900	19,592	110,492	110,438	54

**FLORHAM PARK 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 EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 68,000	\$ 846	\$ 68,846	\$ 68,846	
Salaries for Pupil Transportation (Between Home and School) - Regular	170,951	(19,506)	151,445	151,445	
Salaries for Pupil Transportation (Between Home and School) - Special	105,000	26,752	131,752	131,464	\$ 288
Salaries for Pupil Transportation (Between Home and School) Non-Public	40,000	8,814	48,814	48,814	
Management Fee - ESC & CTSA Transp. Prog.	3,000		3,000	3,000	
Other Purchased Prof. and Technical Serv.	1,500	(1,000)	500	330	170
Cleaning, Repair and Maintenance Services	53,000	(7,311)	45,689	42,749	2,940
Lease Purchase Payments - School Buses					
Contracted Services (Bet. Home and Sch) - Vendors	3,000		3,000	3,000	
Contracted Services (Other than Between Home and Sch) - Vendors	5,000	(275)	4,725	4,725	
Contracted Services (Spl. Ed. Students) - Vendors	70,000	(25,790)	44,210	43,928	282
Contracted Services (Spl. Ed. Students) - Joint Agreements		35,000	35,000	35,000	
Contracted Services - Aid in Lieu of Payments Non-Public	68,000	(20,677)	47,323	47,323	
Misc. Purchased Serv. - Transportation	20,000	5,155	25,155	25,155	
General Supplies	25,000	5,666	30,666	29,623	1,043
Other Objects	2,000	(961)	1,039	1,039	-
Total Student Transportation Services	634,451	6,713	641,164	636,441	4,723
Unallocated Benefits - Employee Benefits					
Social Security Contributions	215,000	(18,728)	196,272	196,272	
Other Retirement Contributions - PERS	170,000	32,935	202,935	202,935	
Unemployment Compensation	20,000	45,000	65,000	65,000	
Workers Compensation	100,000	(23,644)	76,356	76,356	
Health Benefits	2,470,183	(107,000)	2,363,183	2,208,068	155,115
Tuition Reimbursement	50,000	(7,717)	42,283	39,512	2,771
Other Employee Benefits	31,000	66,706	97,706	97,641	65
Total Unallocated Benefits - Employee Benefits	3,056,183	(12,448)	3,043,735	2,885,784	157,951
On-behalf TPAF Pension Payments -					
NCGI Premium (Non-Budget)				21,802	(21,802)
On-behalf TPAF Payments -					
Post Retirement Medical Benefits (Non-Budget)				463,068	(463,068)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	522,200	(522,200)
Total On-Behalf Payments	-	-	-	1,007,070	(1,007,070)
Total Undistributed Expenditures	9,250,640	(187,114)	9,063,526	9,833,195	(769,669)
Total Expenditures - Current Expenditures	15,214,290	54,178	15,268,468	15,998,064	(729,596)

**FLORHAM PARK 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
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures:					
Operations and Maint. Of Plant Serv.	\$ 26,500	\$ 13,008	\$ 39,508	\$ 39,508	
Student Transportation Services	-	20,667	20,667	20,667	-
Total Equipment	<u>26,500</u>	<u>33,675</u>	<u>60,175</u>	<u>60,175</u>	<u>-</u>
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services		5,200	5,200	4,225	\$ 975
Construction Services		17,300	17,300	17,300	
Other Objects	32,187	-	32,187	32,187	-
Total Facilities Acquis. and Const. Services	<u>32,187</u>	<u>22,500</u>	<u>54,687</u>	<u>53,712</u>	<u>975</u>
Total Capital Outlay	<u>58,687</u>	<u>56,175</u>	<u>114,862</u>	<u>113,887</u>	<u>975</u>
Transfer to Charter Schools	10,762	-	10,762	-	10,762
Total Expenditures	<u>15,283,739</u>	<u>110,353</u>	<u>15,394,092</u>	<u>16,111,951</u>	<u>(717,859)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(224,555)</u>	<u>(110,353)</u>	<u>(334,908)</u>	<u>14,564</u>	<u>349,472</u>
Other Financing Sources (Uses)					
Operating Transfers Out - Enterprise Fund		-		(2,186)	2,186
Operating Transfers In - Capital Projects	-	-	-	118	118
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,068)</u>	<u>2,304</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	<u>(224,555)</u>	<u>(110,353)</u>	<u>(334,908)</u>	<u>12,496</u>	<u>351,776</u>
Fund Balance, Beginning of Year	<u>950,116</u>	<u>-</u>	<u>950,116</u>	<u>950,116</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 725,561</u>	<u>\$ (110,353)</u>	<u>\$ 615,208</u>	<u>\$ 962,612</u>	<u>\$ 351,776</u>

Recapitulation of Fund Balance

Restricted Fund Balance:	
Capital Reserve	\$ 384,597
Emergency Reserve	250,000
Assigned Fund Balance	
Encumbrances	29,868
Unassigned Fund Balance	<u>298,147</u>
Reconciliation to Governmental Funds Statements (GAAP):	962,612
Less: State Aid Payment Not Recognized on GAAP Basis	<u>(132,554)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 830,058</u>

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE 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					
Intergovernmental					
Federal	\$ 247,814	\$ 65,250	\$ 313,064	\$ 309,113	\$ (3,951)
State	78,581	(11,678)	66,903	36,641	(30,262)
Local	50,000	-	50,000	33,424	(16,576)
Total Revenues	<u>376,395</u>	<u>53,572</u>	<u>429,967</u>	<u>379,178</u>	<u>(50,789)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	2,149	22,135	24,284	24,284	-
Tuition	208,291	(12,961)	195,330	195,330	-
General Supplies	58,508	3,326	61,834	45,248	16,586
Textbooks	18,952	(10,994)	7,958	7,958	-
Total Instruction	<u>287,900</u>	<u>1,506</u>	<u>289,406</u>	<u>272,820</u>	<u>16,586</u>
Support Services					
Salaries		1,324	1,324	1,324	-
Purchased Professional/Technical Services	59,629	(684)	58,945	28,683	30,262
Purchased Professional/Educational Services		24,072	24,072	20,568	3,504
Other Purchased Services	28,866	7,728	36,594	36,283	311
Total Support Services	<u>88,495</u>	<u>32,440</u>	<u>120,935</u>	<u>86,858</u>	<u>34,077</u>
Unallocated Employee Benefits	-	5,526	5,526	5,400	126
Facilities Acquisition and Construction Services					
Noninstructional Equipment	-	14,100	14,100	14,100	-
Total Expenditures	<u>376,395</u>	<u>53,572</u>	<u>429,967</u>	<u>379,178</u>	<u>50,789</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FLORHAM PARK 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.

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 16,126,515	(C-2)	\$ 379,178
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Encumbrances, June 30, 2010				
Encumbrances, June 30, 2011				
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2009/2010 State aid)		297,009		
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2010/2011 State aid)		<u>(132,554)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2)	<u>\$ 16,290,970</u>	(B-2)	<u>\$ 379,178</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 16,111,951	(C-2)	\$ 379,178
Differences - Budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.				
Encumbrances, June 30, 2010				
Encumbrances, June 30, 2011		<u>-</u>		<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	<u>\$ 16,111,951</u>	(B-2)	<u>\$ 379,178</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	IDEIA Part B Basic	IDEIA Part B Preschool	NCLB Title IIA	NCLB Title III	ARRA Basic	ARRA Preschool	Total Exhibit E-1A	2011
REVENUES								
Intergovernmental								
Federal	\$ 210,108	\$ 8,892	\$ 28,558	\$ 3,128	\$ 54,559	\$ 3,868	\$ 36,641	\$ 309,113
State	-	-	-	-	-	-	33,424	36,641
Local	-	-	-	-	-	-	-	33,424
Total Revenues	\$ 210,108	\$ 8,892	\$ 28,558	\$ 3,128	\$ 54,559	\$ 3,868	\$ 70,065	\$ 379,178
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 195,330	\$ 8,892	\$ 713	\$ 101	\$ 23,571	\$ 3,868	\$ 19,324	\$ 24,284
Tuition	-	-	-	-	-	-	7,958	195,330
General Supplies	-	-	-	-	-	-	-	45,248
Textbooks	-	-	-	-	-	-	-	7,958
Total Instruction	\$ 195,330	\$ 8,892	\$ 713	\$ 101	\$ 23,571	\$ 3,868	\$ 27,282	\$ 272,820
Support Services								
Salaries	-	-	1,324	-	-	-	-	1,324
Personnel Services - Employee Benefits	-	-	-	-	5,400	-	-	5,400
Purchased Professional/Technical Services	8,043	-	-	-	12,525	-	28,683	28,683
Purchased Professional/Educational Services	6,735	-	26,521	3,027	-	-	-	20,568
Other Purchased Services	-	-	-	-	-	-	-	36,283
Total Support Services	\$ 14,778	\$ -	\$ 27,845	\$ 3,027	\$ 17,925	\$ -	\$ 28,683	\$ 92,258
Facilities Acquisition and Construction Services								
Equipment	-	-	-	-	-	-	14,100	14,100
Total Facilities Acquisition and Const. Svc	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,100	\$ 14,100
Total Expenditures	\$ 210,108	\$ 8,892	\$ 28,558	\$ 3,128	\$ 54,559	\$ 3,868	\$ 70,065	\$ 379,178

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

	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Ch. 192 Compensatory Instruction	Nonpublic Ch. 193 Corrective Speech	Exam & Classification	Supplemental Instruction	Local Grants	Total E-1A
REVENUES								
Intergovernmental								
Federal								
State	\$ 9,429	\$ 7,958	\$ 7,535	\$ 3,129	\$ 5,741	\$ 2,849	\$ 33,424	\$ 36,641
Local	-	-	-	-	-	-	-	33,424
Total Revenues	\$ 9,429	\$ 7,958	\$ 7,535	\$ 3,129	\$ 5,741	\$ 2,849	\$ 33,424	\$ 70,065
EXPENDITURES								
Instruction								
Salaries of Teachers								
Tuition								
General Supplies		\$ 7,958	-	-	-	-	\$ 19,324	\$ 19,324
Textbooks								7,958
Total Instruction		7,958					19,324	27,282
Support Services								
Salaries								
Personnel Services - Employee Benefits								
Purchased Professional/Technical Services	\$ 9,429	\$ -	\$ 7,535	\$ 3,129	\$ 5,741	\$ 2,849		28,683
Purchased Professional/Educational Services								
Other Purchased Services								
Total Support Services	9,429	-	7,535	3,129	5,741	2,849	-	28,683
Facilities Acquisition and Construction Services								
Equipment							14,100	14,100
Total Facilities Acquisition and Const. Svc							14,100	14,100
Total Expenditures	\$ 9,429	\$ 7,958	\$ 7,535	\$ 3,129	\$ 5,741	\$ 2,849	\$ 33,424	\$ 70,065

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

CAPITAL PROJECTS FUND

FLORHAM PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Issue/Project Title</u>	<u>Expenditures to Date</u>			<u>Cancellations</u>	<u>Unexpended Balance, June 30, 2011</u>
<u>Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cancellations</u>	<u>Cancellations</u>	<u>Unexpended Balance, June 30, 2011</u>

NOT APPLICABLE

**FLORHAM PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Revenues and Other Financing Sources

Revenues	
Interest	\$ <u>118</u>
Total Revenues and Other Financing Sources	<u>118</u>

Expenditures and Other Financing Uses

Other Financing Uses	
Transfers Out - General Fund	<u>118</u>
Total Expenditures and Other Financing Uses	<u>118</u>

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-
Fund Balance- Beginning of Year	<u>-</u>
Fund Balance- End of Year	<u>\$ -</u>

ENTERPRISE FUND

**FLORHAM PARK BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Financial Statements are Presented on Exhibit B-4

**COMBINING 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

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

Financial Statements are Presented on Exhibit B-6

FIDUCIARY FUNDS

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 38,080	\$ 7,445	\$ 45,525
Total Assets	<u>\$ 38,080</u>	<u>\$ 7,445</u>	<u>\$ 45,525</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 4,696	\$ 4,696
Accrued Salaries and Wages		1,504	1,504
Due to Other Funds		1,245	1,245
Due to Student Groups	<u>\$ 38,080</u>	<u>-</u>	<u>38,080</u>
Total Liabilities	<u>\$ 38,080</u>	<u>\$ 7,445</u>	<u>\$ 45,525</u>

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

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

	<u>Balance, July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2011</u>
ELEMENTARY SCHOOLS				
Briarwood	\$ 3,250	\$ 6,722	\$ 5,818	\$ 4,154
Brooklake	2,938	12,225	13,392	1,771
MIDDLE SCHOOLS				
Ridgedale Athletics	50	4,510	4,559	1
Ridgedale	<u>23,325</u>	<u>134,110</u>	<u>125,281</u>	<u>32,154</u>
Total All Schools	<u>\$ 29,563</u>	<u>\$ 157,567</u>	<u>\$ 149,050</u>	<u>\$ 38,080</u>

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

	Balance, July 1, <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2011</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 4,516	\$ 4,251,809	\$ 4,251,629	\$ 4,696
Accrued Salaries and Wages	1,504	6,369,567	6,369,567	1,504
Due to Other Funds	<u>1,170</u>	<u>616</u>	<u>541</u>	<u>1,245</u>
 Total	 <u>\$ 7,190</u>	 <u>\$ 10,621,992</u>	 <u>\$ 10,621,737</u>	 <u>\$ 7,445</u>

LONG-TERM DEBT

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2011</u>
School District Bonds - Series 2002	7/15/2002	10,940,000	7/15/2011	635,000	4.20 %	\$ 1,240,000	\$ -	\$ 605,000	\$ 635,000
School District Refunding Bonds - 2009	9/10/2009	9,185,000	7/15/2011	35,000	2.00 %				
			7/15/2012	345,000	2.00				
			7/15/2012	350,000	2.75				
			7/15/2013	460,000	2.00				
			7/15/2013	250,000	2.50				
			7/15/2014	730,000	3.00				
			7/15/2015	360,000	2.75				
			7/15/2015	400,000	5.00				
			7/15/2016	100,000	3.50				
			7/15/2016	690,000	5.00				
			7/15/2017	830,000	5.00				
			7/15/2018	300,000	3.50				
			7/15/2018	570,000	4.25				
			7/15/2019	190,000	3.50				
			7/15/2019	715,000	4.375				
			7/15/2020	940,000	4.50				
			7/15/2021	940,000	4.25				
			7/15/2022	945,000	4.00			35,000	9,150,000
						\$ 9,185,000	\$ -	\$ 35,000	\$ 9,150,000
						\$ 10,425,000	\$ -	\$ 640,000	\$ 9,785,000

Paid By Budget Appropriation

\$ 640,000

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, June 30, 2010</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2011</u>
Various Equipment	60,641	\$ 37,939	-	\$ 37,939	\$ -
		<u>\$ 37,939</u>	<u>\$ -</u>	<u>\$ 37,939</u>	<u>\$ -</u>

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

REVENUES	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Local Sources					
Property Tax Levy	\$ 955,617	-	\$ 955,617	\$ 955,617	-
Total Revenues	<u>955,617</u>	<u>-</u>	<u>955,617</u>	<u>955,617</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	640,000		640,000	640,000	
Interest	<u>396,407</u>	<u>-</u>	<u>396,407</u>	<u>396,406</u>	<u>1</u>
Total Expenditures	<u>1,036,407</u>	<u>-</u>	<u>1,036,407</u>	<u>1,036,406</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(80,790)</u>	<u>-</u>	<u>(80,790)</u>	<u>(80,789)</u>	<u>1</u>
Fund Balance, Beginning of Year	<u>80,789</u>	<u>-</u>	<u>80,789</u>	<u>80,789</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 1</u>

STATISTICAL SECTION

This part of the Florham Park 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.

FLORHAM PARK BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS

(Unaudited)
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$ 6,784,337	\$ 6,852,751	\$ 6,762,118	\$ 6,742,419	\$ 6,688,333	\$ 6,701,460	\$ 6,864,045	\$ 6,900,734
Restricted	114,565	104,339	209,068	89,270	32,035	200,677	225,326	384,597
Unrestricted	38,335	(212,420)	(374,914)	(386,851)	37,626	1,979	(24,502)	(5,237)
Total governmental activities net assets	\$ 6,937,237	\$ 6,744,670	\$ 6,596,272	\$ 6,444,838	\$ 6,757,994	\$ 6,904,116	\$ 7,064,869	\$ 7,280,094
Business-type activities								
Invested in capital assets, net of related debt	\$ 5,405	\$ 3,721	\$ 3,235	\$ 2,322	\$ 1,409	\$ 496	\$ 4,334	\$ 4,730
Restricted	5,345	3,511	(6,950)	(13,693)	2,099	3,999	780	
Unrestricted	10,750	7,232	(3,715)	(11,371)	3,508	4,495	5,114	4,730
Total business-type activities net assets								
District-wide								
Invested in capital assets, net of related debt	\$ 6,789,742	\$ 6,856,472	\$ 6,765,353	\$ 6,744,741	\$ 6,689,742	\$ 6,701,956	\$ 6,868,379	\$ 6,905,464
Restricted	114,565	104,339	209,068	89,270	32,035	200,677	225,326	384,597
Unrestricted	43,680	(208,909)	(381,864)	(400,544)	39,725	5,978	(23,722)	(5,237)
Total district net assets	\$ 6,947,987	\$ 6,751,902	\$ 6,592,557	\$ 6,433,467	\$ 6,761,502	\$ 6,908,611	\$ 7,069,983	\$ 7,284,824

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 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

FLORHAM PARK BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental Activities								
Instruction								
Regular	\$ 5,474,587	\$ 5,521,996	\$ 5,809,031	\$ 6,571,189	\$ 6,705,625	\$ 6,577,544	\$ 6,860,495	\$ 6,277,653
Special Education	1,752,336	2,455,940	2,554,818	2,607,536	2,313,004	2,269,125	2,702,625	2,602,610
Other Instruction	83,181	70,221	69,663	83,439	80,730	67,043	108,418	141,708
School Sponsored Activities and Athletics	163,886	129,699	139,489	139,328	150,045	148,318	148,955	148,770
Support Services:								
Student & Instruction Related Services	1,566,051	1,817,140	2,250,544	2,428,809	2,435,868	2,558,454	2,659,787	2,493,443
General Administrative Services	762,681	557,374	548,193	491,435	537,995	518,851	574,800	608,928
School Administrative Services	833,658	654,996	721,807	836,001	961,645	968,615	1,081,152	1,061,376
Central Services/Business Services	326,534	250,832	292,896	407,181	347,440	345,639	338,009	365,831
Plant Operations and Maintenance	1,605,918	1,928,465	1,994,220	2,000,682	2,321,091	2,412,179	2,446,176	2,508,052
Pupil Transportation	554,681	773,436	826,229	1,031,136	922,126	803,849	804,200	816,834
Interest on Long-Term Debt	657,338	688,584	665,301	509,513	524,666	513,234	372,251	383,267
Total Governmental Activities Expenses	13,780,851	14,848,683	15,872,191	17,106,249	17,300,235	17,182,851	18,096,868	17,408,472
Business-Type Activities:								
Food Service	12,440	19,694	21,407	19,214	13,116	16,412	14,561	13,708
Enrichment Program			5,206	4,058				
Total Business-Type Activities Expense	12,440	19,694	26,613	23,272	13,116	16,412	14,561	13,708
Total District Expenses	\$ 13,793,291	\$ 14,868,377	\$ 15,898,804	\$ 17,129,521	\$ 17,313,351	\$ 17,199,263	\$ 18,111,429	\$ 17,422,180
Program Revenues								
Governmental Activities:								
Charges for Services:								
Pupil Transportation	\$ 34,870	\$ 42,363	\$ 42,853	\$ 74,708	\$ 118,587	\$ 111,531	\$ 130,101	\$ 119,141
Tuition							64,462	75,225
Operating Grants and Contributions	1,851,096	2,014,423	2,201,960	2,658,388	2,704,811	2,189,988	2,530,036	1,724,411
Capital Grants and Contributions	1,802,012	65,157	90,577	-	6,500	480	53,026	14,100
Total Governmental Activities Program Revenues	3,687,978	2,121,943	2,335,390	2,733,096	2,829,898	2,301,999	2,777,625	1,932,877
Business-type activities:								
Charges for Services								
Food Service	8,544	8,700	8,615	8,317	7,681	9,143	8,226	8,413
Enrichment Program				855				
Operating Grants and Contributions	5,491	7,476	6,624	6,444	6,252	8,256	6,954	2,725
Total Business Type Activities Program Revenues	14,035	16,176	15,239	15,616	13,933	17,399	15,180	11,138
Total District Program Revenues	\$ 3,702,013	\$ 2,138,119	\$ 2,350,629	\$ 2,748,712	\$ 2,843,831	\$ 2,319,398	\$ 2,792,805	\$ 1,944,015
Net (Expense)/Revenue								
Governmental Activities	\$ (10,092,873)	\$ (12,726,740)	\$ (13,536,801)	\$ (14,373,153)	\$ (14,470,337)	\$ (14,880,852)	\$ (15,319,243)	\$ (15,475,595)
Business-Type Activities	1,595	(3,518)	(11,374)	(7,656)	817	987	619	(2,570)
Total District-Wide Net Expense	\$ (10,091,278)	\$ (12,730,258)	\$ (13,548,175)	\$ (14,380,809)	\$ (14,469,520)	\$ (14,879,865)	\$ (15,318,624)	\$ (15,478,165)

FLORHAM PARK BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	\$ 10,771,768	\$ 11,307,037	\$ 12,359,375	\$ 12,813,493	\$ 13,433,441	\$ 13,822,785	\$ 14,278,900	\$ 14,617,866
Property Taxes Levied for Debt Service	782,824	1,061,420	1,055,500	1,053,365	1,054,780	1,054,628	1,053,010	955,617
Unrestricted Aid, Grants and Contributions	45,355	112,719	71,994	154,468	177,788	4,010		
Investment Earnings	52,275	22,755	25,864	33,880	19,425	11,786	4,256	7,592
Miscellaneous Income	10,431	30,242	39,708	166,513	112,121	133,765	143,830	111,931
Transfers	-	-	-	-	(14,062)			(2,186)
Total Governmental Activities	11,662,653	12,534,173	13,552,441	14,221,719	14,783,493	15,026,974	15,479,996	15,690,820
Business-Type Activities:								
Investment Earnings					14,062			2,186
Transfers					-			-
Total Business-Type Activities					14,062			2,186
Total District-Wide	\$ 11,662,653	\$ 12,534,173	\$ 13,552,441	\$ 14,221,719	\$ 14,797,555	\$ 15,026,974	\$ 15,479,996	\$ 15,693,006
Special Items								
Governmental Activities:								
Loss on Disposal of Assets			\$ (164,038)					
Total Governmental Activities			(164,038)					
Change in Net Assets								
Governmental Activities	\$ 1,569,780	\$ (192,567)	\$ (148,398)	\$ (151,434)	\$ 313,156	\$ 146,122	\$ 160,753	\$ 215,225
Business-Type Activities	1,595	(3,518)	(11,374)	(7,656)	14,879	987	619	(384)
Total District	\$ 1,571,375	\$ (196,085)	\$ (159,772)	\$ (159,090)	\$ 328,035	\$ 147,109	\$ 161,372	\$ 214,841

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 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**FLORHAM PARK BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS**
(Unaudited)
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	\$ 330,087	\$ 69,676	\$ 273,700	\$ 102,749	\$ 218,376	\$ 493,163	\$ 499,997	
Unreserved	464,703	315,505	167,599	139,887	404,841	165,798	153,110	
Restricted								\$ 634,597
Committed								29,868
Assigned								165,593
Unassigned								
Total General Fund	\$ 794,790	\$ 385,181	\$ 441,299	\$ 242,636	\$ 623,217	\$ 658,961	\$ 653,107	\$ 830,058
All Other Governmental Funds								
Reserved	\$ 186,634	\$ 130,308				\$ 103,817		
Unreserved	(23,600)	(40,506)	\$ 6,921	\$ 6,921	\$ 6,921	(8,516)	80,789	
Restricted								
Committed								
Assigned								
Total all other governmental funds	\$ 163,034	\$ 89,802	\$ 6,921	\$ 6,921	\$ 6,921	\$ 95,301	\$ 80,789	\$ -

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 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 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. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

FLORHAM PARK BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST EIGHT FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011
Revenues								
Property Tax Levy	\$ 11,554,592	\$ 12,368,457	\$ 13,414,875	\$ 13,866,858	\$ 14,488,221	\$ 14,877,413	\$ 15,331,910	\$ 15,573,483
Transportation Fees	34,870	42,363	42,853	74,708	118,587	111,531	130,101	119,141
Tuition							64,462	75,225
Interest Earnings	52,275	22,755	25,864	33,880	19,425	11,786	4,256	7,592
Miscellaneous	10,431	30,242	79,708	175,765	155,078	204,151	201,954	145,355
State Sources	3,525,231	1,982,174	2,074,304	2,524,684	2,596,142	1,871,212	2,090,671	1,395,974
Federal Sources	173,232	210,125	250,227	278,920	250,000	252,880	434,267	309,113
Total Revenue	15,350,631	14,656,116	15,887,831	16,954,815	17,627,453	17,328,973	18,257,621	17,625,883
Expenditures								
Instruction								
Regular Instruction	5,487,472	5,513,212	5,736,178	6,568,515	6,682,753	6,555,456	6,836,216	6,351,479
Special Education Instruction	1,798,502	2,494,494	2,532,878	2,619,972	2,312,188	2,300,513	2,702,338	2,601,388
Other instruction	83,181	70,221	69,663	83,439	80,730	67,043	108,418	141,708
School Sponsored Activities/Athletics	161,082	128,311	139,489	139,328	150,045	148,318	148,955	148,770
Support Services:								
Student and Inst. Related Services	1,578,352	1,844,327	2,232,447	2,417,696	2,424,803	2,541,151	2,637,425	2,469,287
General Administrative Services	688,285	537,630	621,725	499,724	521,582	512,323	564,222	588,560
School Administrative Services	810,201	641,633	690,572	777,949	925,334	931,646	1,002,152	1,024,353
Central Services/Business Services	323,466	249,263	292,790	405,815	339,488	344,484	353,430	365,104
Plant Operations and Maintenance	1,179,549	1,407,771	1,321,457	1,355,354	1,661,143	1,743,922	1,787,291	1,869,193
Pupil Transportation	602,009	728,077	762,817	967,724	865,900	762,550	762,901	795,125
Capital Outlay	9,304,105	430,206	502,537	155,500	189,189	140,813	301,461	96,554
Debt Service								
Principal	350,000	552,885	541,947	584,612	590,475	637,196	668,184	677,939
Interest and Other Charges	644,580	674,513	672,131	577,850	549,821	519,434	404,994	398,075
Cost of Issuance							101,880	
Payment to Escrow Account							662,153	
Total Expenditures	23,010,784	15,272,543	16,116,631	17,153,478	17,293,451	17,204,849	19,042,020	17,527,535
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	(7,660,153)	(616,427)	(228,800)	(198,663)	334,002	124,124	(784,399)	98,348
Other Financing sources (uses)								
Capital Leases	107,045	101,062	181,986		60,641			
Refunding Bond Proceeds							9,185,000	
Premium on Notes/Bonds	17,537	32,524	20,051				679,033	
Bonds Refunded							(9,100,000)	
Transfers In	51,808	136,308	26,024	12,753	2,794	107,526	19,363	118
Transfers Out	(51,808)	(136,308)	(26,024)	(12,753)	(16,856)	(107,526)	(19,363)	(2,304)
Total Other Financing Sources (Uses)	124,582	133,586	202,037	-	46,579	-	764,033	(2,186)
Net Change in Fund Balances	\$ (7,535,571)	\$ (482,841)	\$ (26,763)	\$ (198,663)	\$ 380,581	\$ 124,124	\$ (20,366)	\$ 96,162
Debt Service as a Percentage of								
Noncapital Expenditures	7.26%	8.27%	7.78%	6.84%	6.67%	6.78%	9.80%	6.17%

* Noncapital expenditures are total expenditures less capital outlay.

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 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Interest	Tuition	Transportation Fees	Prior Year Reimbursements	Insurance Refunds	Prior Year Orders Canceled	Cancel Old Outstanding Checks	Facility Use	E-Rate	Benefit Share	Miscellaneous	Total
2002	\$ 29,327	\$ 12,998				\$ 46,634	\$ 19,745				\$ 48,726	\$ 157,430
2003	20,539	21,200	\$ 35,216								19,249	96,204
2004	18,004		34,870								10,431	63,305
2005	19,802		42,363	\$ 15,117		568	1,539				13,018	92,407
2006	19,891		42,853	8,030		15,340					16,338	102,452
2007	21,127		74,708	41,143	\$ 86,268				\$ 10,897		28,205	262,348
2008	16,631		118,587	44,356			1,125	\$ 30,989	14,107		21,544	247,339
2009	11,478		111,531	40,923	14,304			38,357	15,298		24,883	256,774
2010	4,053	64,462	130,101	15,156	976			40,734	16,085	\$ 37,676	33,203	342,446
2011	7,474	75,225	119,141	28,568	3,517			46,669	26,680		6,497	313,771

FLORHAM PARK BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Calendar Year	Vacant Land	Residential	Farm Reg.	Q/farm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct Local School Tax Rate ¹
2002	\$ 31,365,100	\$ 788,349,600		\$ 119,800	\$ 507,852,400	\$ 153,752,700	\$ 68,484,300	\$ 1,549,923,900	\$ 3,803,713	\$ 1,553,727,613	\$ 2,190,776,583	\$ 0.63
2003	29,406,600	794,442,000		119,800	516,463,200	153,875,200	94,075,100	1,588,381,900	3,612,857	1,591,994,757	2,384,206,830	0.69
2004	35,821,900	798,733,500		119,800	520,540,800	139,784,900	94,075,100	1,589,076,000	3,227,999	1,592,303,999	2,612,040,618	0.76
2005	37,898,500	804,072,800		119,800	517,707,600	139,829,100	86,852,200	1,586,480,000	2,706,314	1,589,186,314	2,843,114,880	0.80
2006	72,140,500	1,963,783,600	\$ 716,800	119,800	868,630,200	229,991,100	161,878,700	3,297,260,500	4,552,436	3,301,812,936	2,976,989,614	0.41
2007	66,582,200	1,977,590,900	716,800	119,800	894,240,000	228,460,100	161,878,700	3,329,388,500	4,556,753	3,334,145,253	3,158,254,479	0.43
2008	64,246,500	1,989,080,900	716,800	119,800	917,460,600	178,244,300	159,770,700	3,309,739,600	4,687,591	3,314,427,191	3,278,877,905	0.44
2009	126,647,500	2,011,843,600	748,300	119,800	912,417,600	108,971,400	153,215,500	3,313,963,700	4,947,120	3,318,910,820	3,236,762,545	0.45
2010	128,845,700	2,047,551,750	748,300	119,800	887,116,700	101,302,400	151,215,500	3,316,900,150	4,901,700	3,321,801,850	3,332,562,174	0.47
2011	118,379,400	2,051,700,450	748,300	119,800	867,113,600	101,302,400	151,215,500	3,290,579,450	4,582,780	3,295,162,230	3,332,111,643	0.48

Source: County Abstract of Rates

^a Tax rates are per \$100
^b Borough undertook a revaluation of real property effective for calendar year 2006.

N/A Not Available

**FLORHAM PARK BOARD OF EDUCATION
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN YEARS
 (Unaudited)
 (rate per \$100 of assessed value)**

Calendar Year	Total Direct School Tax Rate	Overlapping Rates			Total Direct and Overlapping Tax Rate
	Florham Park Local School District	Hanover Park Regional High School District	Municipality of Florham Park	Morris County	
2002	0.63	0.33	0.47	0.40	1.83
2003	0.69	0.34	0.49	0.44	1.96
2004	0.76	0.36	0.51	0.47	2.10
2005	0.80	0.39	0.59	0.47	2.25
2006 (A)	0.41	0.20	0.32	0.22	1.15
2007	0.43	0.20	0.32	0.22	1.16
2008	0.44	0.20	0.33	0.22	1.19
2009	0.45	0.20	0.33	0.21	1.19
2010	0.47	0.21	0.35	0.23	1.25
2011	0.48	0.21	0.36	0.24	1.29

Source: County Abstract of Ratables

(A) The Borough undertook a revaluation of real property effective for calendar year 2006.

**FLORHAM PARK BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND EIGHT YEARS AGO
(Unaudited)**

Taxpayer	2011		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
KBSII 100-200 Campus Drive LLC	\$ 218,301,300	6.62%	\$ 50,214,600	3.15%
Park Ave Realty			77,358,100	4.86%
Exxon Research & Engineering Company			69,800,000	4.38%
Wells Reit II	101,036,900	3.07%		
Koll Bran			25,583,200	1.61%
Rock Florham LLC	68,278,500	2.07%	51,368,000	3.23%
Avalonbay Communities	63,369,900	1.92%	33,478,100	2.10%
Advance At Park Place LLC	63,351,900	1.92%		
Rock Florham LLC			29,612,600	1.86%
Dolce/AEW Properties			28,944,400	1.82%
Campus Dr. LLC			27,032,800	1.70%
Sun Valley Plaza LLC	47,244,200	1.43%	36,992,900	2.32%
LH Florham Holding	43,000,000	1.31%		
Riverbend	30,000,000	0.91%		
Vreeland SPVEF	29,660,600	0.90%		
Pershing LLC	23,285,900	0.71%		
	<u>\$ 687,529,200</u>	<u>20.86%</u>	<u>\$ 430,384,700</u>	<u>27.03%</u>

Source: Municipal Tax Assessor

Note:

GASB requires principal property taxpayers for the current year and nine years ago. However, since the District implemented the new reporting model contained in GASB No. 44 in fiscal year 2006 the information for only eight years ago was available.

**FLORHAM PARK 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	\$ 9,085,149	\$ 9,085,149	100%	-
2003	10,339,185	10,339,185	100%	-
2004	11,554,592	11,554,592	100%	-
2005	12,368,457	12,368,457	100%	-
2006	13,414,875	13,414,875	100%	-
2007	13,866,858	13,866,858	100%	-
2008	14,488,221	14,488,221	100%	-
2009	14,877,413	14,877,413	100%	-
2010	15,331,910	15,331,910	100%	-
2011	15,573,483	15,573,483	100%	-

**FLORHAM PARK BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities				Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Grant Anticipation Notes				
2005	\$ 12,920,000	\$ 237,726	\$ 2,898,734	\$ 16,056,460	12,467	\$ 1,288	
2006	12,460,000	337,765	2,607,404	15,405,169	12,373	1,245	
2007	11,975,000	238,153	568,093	12,781,246	12,298	1,039	
2008	11,460,000	223,319	-	11,683,319	12,355	946	
2009	10,915,000	131,123	-	11,046,123	12,347	895	
2010	10,425,000	37,939	-	10,462,939	12,347 (E)	847	
2011	9,785,000	-	-	9,785,000	12,347 (E)	793	

(E) - Estimate

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

FLORHAM PARK BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property (A)	Per Capita
	General Obligation Bonds	Deductions			
2002	\$ 3,100,000		\$ 3,100,000	0.20	254
2003	13,710,000		13,710,000	0.86	1,101
2004	13,360,000		13,360,000	0.84	1,074
2005	12,920,000		12,920,000	0.81	1,036
2006	12,460,000		12,460,000	0.38	1,007
2007	11,975,000		11,975,000	0.36	974
2008	11,460,000		11,460,000	0.35	928
2009	10,915,000		10,915,000	0.33	884
2010	10,425,000		10,425,000	0.31	844
2011	9,785,000		9,785,000	0.30	793

Source: District records

(A) The Borough undertook a revaluation of real property effective for calendar year 2006.

N/A - Not Available

**FLORHAM PARK BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010
(Unaudited)**

Total Debt

Municipal Debt: (1)	
Florham Park Board of Education (as of June 30, 2011)	\$ 9,785,000
Regional High School - Florham Park's Share	7,706,397
Borough of Florham Park	<u>28,434,575</u>
	<u>45,925,972</u>
Overlapping Debt Apportioned to the Municipality:	
Morris County: (2)	
County of Morris (A)	<u>8,116,597</u>
	<u>8,116,597</u>
 Total Direct and Overlapping Debt	 <u>\$ 54,042,569</u>

Source:

- (1) Borough of Florham Park's 2010 Annual Debt Statement
- (2) Morris County's 2010 Annual Debt Statement
- (A) The debt for this entity was apportioned by dividing the municipality's 2010 equalized value by the total 2010 equalized value for Morris County.

FLORHAM PARK BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2008	\$ 3,329,717,907
2009	3,306,029,230
2010	3,360,587,791
	<u>\$ 9,996,334,928</u>
	<u>\$ 3,332,111,643</u>

Average equalized valuation of taxable property	<u>\$ 3,332,111,643</u>
Debt limit (3 % of average equalization value)	\$ 99,963,349
Total Net Debt Applicable to Limit	<u>9,785,000</u>
Legal debt margin	<u>\$ 90,178,349</u>

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 53,834,232	\$ 60,906,981	\$ 69,339,944	\$ 77,455,093	\$ 83,824,516	\$ 88,757,608	\$ 93,239,463	\$ 97,102,876	\$ 99,109,670	\$ 99,963,349
Total net debt applicable to limit	<u>16,953,329</u>	<u>16,608,762</u>	<u>16,258,762</u>	<u>15,527,404</u>	<u>13,028,094</u>	<u>11,975,000</u>	<u>11,460,000</u>	<u>10,915,000</u>	<u>10,425,000</u>	<u>9,785,000</u>
Legal debt margin	<u>\$ 36,880,903</u>	<u>\$ 44,298,219</u>	<u>\$ 53,081,182</u>	<u>\$ 61,927,689</u>	<u>\$ 70,796,422</u>	<u>\$ 76,782,608</u>	<u>\$ 81,779,463</u>	<u>\$ 86,187,876</u>	<u>\$ 88,684,670</u>	<u>\$ 90,178,349</u>

Total net debt applicable to the limit as a percentage of debt limit	31.49%	27.27%	23.45%	20.05%	15.54%	13.49%	12.29%	11.24%	10.52%	9.79%
--	--------	--------	--------	--------	--------	--------	--------	--------	--------	-------

Source: Annual Debt Statements

**FLORHAM PARK BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Borough of Florham Park

<u>Fiscal Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	12,207	\$ 56,535	4.4%
2003	12,448	57,018	4.5%
2004	12,444	61,101	3.6%
2005	12,467	63,297	2.8%
2006	12,373	68,364	2.7%
2007	12,298	71,300	2.4%
2008	12,355	71,527	3.2%
2009	12,347	68,251	5.6%
2010	12,347 (E)	N/A	5.6%
2011	12,347 (E)	N/A	N/A

N/A - Not Available

(E) - Estimate

Source: New Jersey State Department of Education

**FLORHAM PARK BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)**

Employer	2011		2002	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

FLORHAM PARK BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction	97.5	97.3	104.2	104.5	105.5	106.0	106.0
Support Services							
Student and Instruction Related Services	22.0	23.5	23.6	23.6	24.6	24.6	24.6
General Administration	3.0	2.2	2.2	2.2	2.2	2.0	2.0
School Administrative Services	6.0	6.0	6.0	7.0	7.0	7.0	7.0
Central Services	3.0	3.0	3.0	2.8	2.8	2.8	3.0
Plant Operations and Maintenance	12.0	10.4	10.4	10.7	10.7	11.3	11.3
Pupil Transportation	5.5	6.4	12.0	12.5	13.5	13.5	13.5
Total	<u>149.0</u>	<u>148.8</u>	<u>161.4</u>	<u>163.3</u>	<u>166.3</u>	<u>167.2</u>	<u>167.4</u>

Source: District Personnel Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Teacher/Student Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2002	838	\$ 9,709,330	\$ 11,586	-8.13%	82	1:10	1:9	838	804	7.57%	95.94%	
2003	928	11,464,665	12,354	6.63%	81	1:12	1:12	928	889	10.74%	95.80%	
2004	931	12,712,099	13,654	10.52%	81	1:12	1:12	931	895	0.32%	96.13%	
2005	965	13,614,939	14,109	3.33%	81	1:12	1:12	965	919	3.65%	95.23%	
2006	1,007	14,400,016	14,300	1.35%	81	1:12	1:12	993	950	2.90%	95.67%	
2007	1,011	15,833,516	15,663	9.53%	82	1:12	1:12	998	960	0.50%	96.19%	
2008	1,051	15,963,966	15,189	-3.03%	85	1:12	1:12	1,030	987	3.21%	95.83%	
2009	1,047	15,907,406	15,193	0.03%	87	1:12	1:12	1,028	981	-0.19%	95.43%	
2010	1,041	16,903,348	16,238	6.87%	87	1:12	1:12	1,037	994	0.88%	95.85%	
2011	1,037	16,354,967	15,771	-2.87%	87	1:12	1:12	1,027	983	-0.96%	95.72%	

Sources: District records

Note: Operating expenditures reported prior to the implementation of GASB 34 in fiscal year 2004 may include capital lease principal and interest which are reported as debt service expenditure in fiscal year 2004 and thereafter under the GASB 34 reporting model.

FLORRHAM PARK BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District Building										
Elementary										
Brooklake										
Square Feet	36,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700
Enrollment				339	335	350	350	350	346	325
Briarwood										
Square Feet	37,100	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Enrollment				340	343	361	350	365	365	352
Middle School										
Ridgedale										
Square Feet	55,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100
Enrollment				314	314	320	343	331	351	351

Number of Schools at June 30, 2011

Elementary =	2
Middle School =	1
	3

Source: District Records

FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
 (Unaudited)

<u>School Facilities</u>	<u>Project Nos.</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>
Undistributed Expenditures - Required Maintenance for School Facilities 11-000-261-xxx											
Brooklake Elementary School	N/A	\$ 105,761	\$ 43,042	\$ 55,165	\$ 79,746	\$ 85,752	\$ 79,347	\$ 87,876	\$ 80,795	\$ 78,381	\$ 137,547
Briarwood Elementary School	N/A	104,660	49,198	33,869	60,084	91,908	85,043	85,300	113,747	70,827	103,820
Ridgedale Elementary School	N/A	<u>156,806</u>	<u>52,495</u>	<u>74,589</u>	<u>63,431</u>	<u>84,475</u>	<u>78,165</u>	<u>131,398</u>	<u>135,037</u>	<u>147,412</u>	<u>150,862</u>
Total School Facilities		<u>\$ 367,227</u>	<u>\$ 144,735</u>	<u>\$ 163,623</u>	<u>\$ 203,261</u>	<u>\$ 262,135</u>	<u>\$ 242,555</u>	<u>\$ 304,574</u>	<u>\$ 329,579</u>	<u>\$ 296,620</u>	<u>\$ 392,229</u>

Source: District Records

Note:
Beginning in fiscal year 2001, the New Jersey State Department of Education required Districts to report maintenance expenditures by location, therefore, ten years of data is not required or available.

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG		
Property - Blanket Building & Contents	\$ 50,989,144	\$ 5,000
Increased Cost of Construction	10,000,000	
Flood/Earthquake	10,000,000	
Computer Equipment	275,000	
Energy Systems - Property Damage	100,000,000	
Commercial Liability - Bodily Injury/Property Damage	11,000,000	
Comprehensive General Liability	11,000,000	
Workers Compensation	2,000,000	
School Leaders Errors and Omissions	11,000,000	5,000
Business Auto	11,000,000	1,000
Public Employee Dishonesty	100,000	
Money and Security	25,000	
Computer Fraud	100,000	
Depositor Forgery	100,000	
Student Accident	5,000,000	
Public Official Bond - Board Secretary	100,000	
Public Official Bond - Treasurer of School Monies	230,000	

Source: School District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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 KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

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
Florham Park Board of Education
Florham Park, 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 Florham Park Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Florham Park Board of Education's basic financial statements and have issued our report thereon dated September 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 Florham Park Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Florham Park 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 Florham Park Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Florham Park 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 Florham Park 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 Florham Park 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.

We noted certain matters that we have reported to management of the Florham Park Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated September 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

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


 Jeffrey C. Bliss

Public School Accountant
 PSA Number CS00932

Fair Lawn, New Jersey
 September 9, 2011

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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 KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

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
Florham Park Board of Education
Florham Park, New Jersey

Compliance

We have audited the Florham Park 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 Florham Park Board of Education's major state programs for the fiscal year ended June 30, 2011. Florham Park Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Florham Park Board of Education's management. Our responsibility is to express an opinion on Florham Park 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 state program occurred. An audit includes examining, on a test basis, evidence about Florham Park 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 Florham Park Board of Education's compliance with those requirements.

In our opinion, Florham Park 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 state programs for the fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as item 2011-1.

Internal Control Over Compliance

Management of Florham Park 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 state programs. In planning and performing our audit, we considered Florham Park Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major 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.

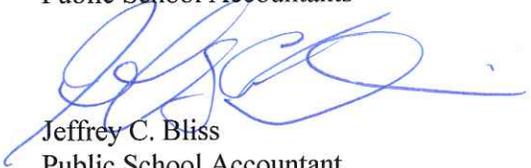
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state program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

Our consideration of 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 are 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 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
 LERCH, VINCI & HIGGINS, LLP
 Certified Public Accountants
 Public School Accountants


 Jeffrey C. Bliss
 Public School Accountant
 PSA Number CS00932

Fair Lawn, New Jersey
 September 9, 2011

FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Adjustments	June 30, 2011 (Account Receivable)	Deferred Revenue	Due to Grantor at June 30, 2011	MEMO GAAP Receivable
10.556	N/A	7/1/10-6/30/11	\$ 2,725	\$ (569)	-	\$ 2,725	\$ 2,725	-	-	-	-	-	-
10.556	N/A	7/1/09-6/30/10	6,954	(569)	-	569	-	-	-	-	-	-	-
Total U.S. Department of Agriculture													
U.S. Department of Education													
Passed-through State Department of Education													
84.281A	NCLB153008	9/1/10-8/31/11	28,995	(4,500)	\$ 6,979	4,500	28,558	-	\$ (28,995)	\$ 7,416	-	\$ (21,579)	
84.281A	NCLB153008	9/1/09-8/31/10	28,866	6,979	(6,979)	-	-	-	-	-	-	-	
84.281A	NCLB153008	9/1/08-8/31/09	22,108	3,021	107	3,128	-	-	-	-	-	-	
84.365	NCLB153004	9/1/10-8/31/11	3,021	2,162	(107)	107	-	-	\$ (285)	-	-	-	
84.365	NCLB153004	9/1/09-8/31/10	2,162	285	1,513	-	-	-	-	-	-	-	
84.365	NCLB153004	9/1/08-8/31/04	1,353	-	-	-	-	-	-	-	-	-	
84.186A	NCLB153008	9/1/10-8/31/11	-	(419)	(281)	700	-	-	-	-	-	-	
84.186A	NCLB153008	9/1/09-8/31/10	8,392	1,232	(1,232)	-	-	-	-	-	-	-	
84.186A	NCLB153007	9/1/08-8/31/09	4,534	256	1,600	-	-	-	(256)	-	-	-	
84.298	NCLB153008	9/1/06-8/31/07	1,600	101	1,600	-	-	-	(1,600)	-	-	-	
84.298	NCLB153004	9/1/03-8/31/04	4,506	101	576	210,108	-	-	(101)	(36,454)	4,080	(32,374)	
84.027A	FT-1530-08	9/1/10-8/31/11	213,612	(107,148)	772	177,158	-	-	-	-	-	-	
84.027A	FT-1530-08	9/1/09-8/31/10	208,291	1,348	(1,348)	106,376	-	-	-	-	-	-	
84.027A	FT-1530-08	9/1/08-8/31/09	215,599	1,348	80	8,892	-	-	-	(8,902)	90	(8,812)	
84.027A	PS-1530-08	9/1/10-8/31/11	8,902	(3,127)	80	3,127	-	-	-	-	-	-	
84.027A	PS-1530-08	9/1/09-8/31/10	8,508	80	(80)	-	-	-	-	-	-	-	
84.027A	PS-1530-08	9/1/08-8/31/09	8,597	427	80	54,559	-	-	(427)	(23,271)	-	(23,271)	
84.027A	PS-1530-05	9/1/04-8/31/05	8,108	27,062	427	3,868	-	-	-	-	-	-	
84.391	ARRA Basic	9/1/09-8/31/10	235,164	(4,644)	-	8,512	-	-	-	-	-	-	
84.392	ARRA Preschool	9/1/09-8/31/10	8,512	(4,644)	-	3,868	-	-	-	-	-	-	
Total U.S. Department of Education													
Total													
Total U.S. Department of Education													
Total													

This schedule was not subject to Single Audit in accordance with OMB Circular A-133.
See Accompanying Notes to Schedule of Expenditures of Federal Awards

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

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Accounts Receivable	June 30, 2011 Deferred Revenue	Due to Grantor	MEMO		
												GAAP Receivable	Combined Total Expenditures	
State Department of Education														
General Fund:														
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	\$ 46,581			\$ 46,581	\$ 46,581						\$	46,581
Special Education Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	535,914	(56,374)		56,374								
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	103,133	(10,849)		10,849								
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	52,336	(5,505)		5,505								
Additional Non Public Transportation Aid	N/A	7/1/10-6/30/11	8,673			8,673			\$ (8,673)				\$	(8,673)
Additional Non Public Transportation Aid	N/A	7/1/09-6/30/10	8,820	(8,820)										
Extraordinary Special Education Costs Aid	11-495-034-5120-473	7/1/10-6/30/11	132,554			132,554			(132,554)					132,554
Extraordinary Special Education Costs Aid	10-495-034-5120-473	7/1/09-6/30/10	224,281	(224,281)		224,281								
TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	522,200			489,735			(32,465)					522,200
TPAF Social Security Contributions	10-495-034-5095-002	7/1/09-6/30/10	543,707	(26,908)		26,908								21,802
TPAF Pension Contributions-NCGI	11-100-034-5095-007	7/1/10-6/30/11	21,802			463,068								463,068
TPAF Pension-Post Retirement Medical	11-100-034-5095-001	7/1/10-6/30/11	463,068											
Total General Fund			(332,737)			1,353,923	1,194,878		(173,692)				(41,138)	1,194,878
Special Revenue Fund:														
New Jersey Nonpublic Aid														
Auxiliary Services														
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	12,978			12,978	7,555	\$ 10,556			\$ 5,443			7,555
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	19,193	10,556		854					854			-
ESL	11-100-034-5120-067	7/1/10-6/30/11	854					2,936						-
ESL	10-100-034-5120-067	7/1/09-6/30/10	3,915	2,936										-
Handicapped Services														
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	3,129			3,129	3,129							3,129
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	7,174	2,780		2,780								
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	9,096			9,096	5,741				3,355			5,741
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	17,910	8,593		8,593								
Supplemental Instruction	11-100-034-5120-066	7/1/10-6/30/11	4,864			4,864	2,849				2,015			2,849
Supplemental Instruction	10-100-034-5120-066	7/1/09-6/30/10	10,354	4,540		4,540								
Nursing	11-100-034-5120-070	7/1/10-6/30/11	9,429			9,429	9,429							9,429
Nursing	10-100-034-5120-064	7/1/10-6/30/11	7,958			7,958	7,958							7,958
Textbooks	11-100-034-5120-064	7/1/10-6/30/11	8,528	25		25								
Textbooks	10-100-034-5120-064	7/1/09-6/30/10												
Total Special Revenue Fund			29,430	(303,307)		48,308	36,641	29,430			11,667			36,641
Total State Financial Assistance						1,402,231	1,231,519	29,430	(173,692)				(41,138)	1,231,519
State Financial Assistance Not Subject to Single Audit Determination														
General Fund:														
TPAF Pension Contributions - NCGI	11-100-034-5095-007	7/1/10-6/30/11	21,802			(21,802)								(21,802)
TPAF Post Retirement Medical Contributions	11-100-034-5095-001	7/1/10-6/30/11	463,068			(463,068)								(463,068)
Total State Financial Assistance Subject to Single Audit Determination			(303,307)			917,361	746,649	29,430	(173,692)				(41,138)	746,649

**FLORHAM PARK 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 Florham Park Board of Education. The Board of Education is defined in Note I(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 I(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 \$164,455 for the general 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		\$ 1,359,333	\$ 1,359,333
Special Revenue Fund	\$ 309,113	36,641	345,754
Food Service Fund	<u>2,725</u>	<u>-</u>	<u>2,725</u>
Total Financial Assistance	<u>\$ 311,838</u>	<u>\$ 1,395,974</u>	<u>\$ 1,707,812</u>

**FLORHAM PARK 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 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$522,200 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 Contributions in the amount of \$21,802 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$463,068 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

NOTE 6 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.

**FLORHAM PARK 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 on financial statements Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified yes X no

2) Significant deficiency identified that are not considered to be material weakness(es)? yes X none reported

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

Federal Awards Section Not Applicable

**FLORHAM PARK 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, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

THERE ARE NONE.

**FLORHAM PARK 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 FEDERAL AWARDS

NOT APPLICABLE

**FLORHAM PARK 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

Finding 2011-1

Our audit of the Teachers' Pension and Annuity Fund FICA reimbursements revealed that one district employee reported for reimbursement on the semi-monthly reimbursement form was not eligible for reimbursement.

State program information:

Reimbursed TPAF Social Security Contributions	11-495-034-5092-002
---	---------------------

Criteria or specific requirement:

State Grant Compliance Supplement-Reimbursed TPAF Social Security Contributions

Condition:

An employee reported for TPAF FICA reimbursement during the 2010/2011 school year was not a member of the TPAF pension system and, therefore, was not eligible for reimbursement.

Questioned Costs:

Approximately \$3,000.

Context:

State share of Teachers' Pension and Annuity Fund FICA reimbursements were received for one employee who was not eligible for such reimbursement.

Effect:

Teachers' Pension and Annuity Fund FICA reimbursements are not in compliance with State requirements.

Recommendation:

A review be made of all individuals reported for the Teachers' Pension and Annuity Fund FICA reimbursement to ensure that only eligible TPAF employees are reported for reimbursement.

Management's Response

Management has reviewed this finding and has indicated corrective action will be taken.

**FLORHAM PARK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2010-1

Condition

Travel and expense reimbursements for certain mileage reimbursements were not supported by calculation of miles traveled or reimbursement rates applied. Certain conferences, workshops and seminars were not pre-approved in minutes.

Current Status

Corrective action has been taken.

Finding 2010-2

Condition

Computer equipment and networking services which exceeded the bid threshold of \$29,000 were either not publicly advertised for bids, or state contracts were not awarded and approved by formal Board resolution.

Current Status

Corrective action has been taken.