

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

North Haledon, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
North Haledon Board of Education
North Haledon, New Jersey
For The Fiscal Year Ended June 30, 2011**

**Prepared by
Business Office**

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INTRODUCTORY SECTION

NORTH HALEDON BOARD OF EDUCATION

**201 Squaw Brook Road
North Haledon, New Jersey
973-427-4376 Fax 973-423-1514**

Donna L. Cardiello, Superintendent
Nancy Di Bartolo, B.A./Board Sect.

October 8, 2011

Honorable President and
Members of the Board of Education
North Haledon School District
County of Passaic, New Jersey

Dear Board Members:

The comprehensive annual financial report (CAFR) of the North Haledon School District for the fiscal year ended June 30, 2011 is hereby submitted. This report includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditors' report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the 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: North Haledon School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB No. 34. All funds of the District are included in this report. The North Haledon Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an enrollment of 716 students, which is 4.2 students above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2001-2002	572.9	+1.002%
2002-2003	570.4	-1.003%
2003-2004	611.7	+7.187%
2004-2005	642.7	+5.11%
2005-2006	667.7	+3.88%
2006-2007	665.3	-0.03%
2007-2008	693.4	+4.22%
2008-2009	693.5	+0.00%
2009-2010	711.8	+2.64%
2010-2011	716.0	+0.59%

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of North Haledon is predominately a residential community sitting on the Passaic/Bergen County border. With the completion of Route 287 and its connection to Route 208 an access to other areas of New Jersey has been given to the residents of North Haledon. The median value of homes and the median family income are above the state and national averages. The residents of the Borough represent professionals, management and skilled trades. There are a few small industrial concerns throughout the borough, but the major local employers are retail and service establishments such as banks, food stores, law offices, medical centers and several small shopping centers.

The Borough is practically saturated with much of the remaining land subject to severe development restrictions because of steep slopes and poor access. Many single lots throughout the Borough have been sold and developed into single-family homes. New construction during the past few years has increased the number of housing units from 2,098 to a current number of 2,941.

The referendum held on September 27, 2005 was successful. Final plans and specifications were developed, and after a successful bidding process, both projects were awarded. Memorial School ground breaking was held September, 2006 and work continued throughout the year. The project for the replacement Memorial School was completed in late spring 2008. At High Mountain School, the projects were awarded in September 20, 2006 and work began shortly thereafter. The new addition was completed and ready for to be occupied during the 2007-08 school year. These projects were financed with a Section 15 Grant from the State of New Jersey and the balance paid through district debt service.

3. MAJOR INITIATIVES: After an extensive search, the Board of Education hired a new Elementary Principal to replace the former Principal. His goal as educational leader of the elementary school is to continue to deliver a strong, comprehensive curriculum to the students in our Pre-K through Grade Four building.

During the 2010-2011 school year, the primary focus of the building level objectives once again addressed skill development in mathematics and language arts. As such, students in grades one through eight, were required to complete and received a score of 2 or higher on at least ten (10) open ended response questions which were scored using the New Jersey Department of Education Holistic Scoring Guide. This requirement not only addressed several skill clusters in mathematics, but also allowed the teachers and student to focus on writing skills as well. Students in grades K-5 received Language Arts instruction, specifically utilizing balanced literacy methodologies related to the Lit Life and Complete Four Writing initiative and were able to maintain a personal writing portfolio of at least sixteen (16) different writing samples, creating four samples per marking period. Additionally, cross grade level articulation meetings were held throughout the year which allowed teachers to discuss appropriate instructional strategies to incorporate into their instruction that would address and ameliorate student needs.

The district once again observed "Violence and Vandalism" week by providing several presentations, and training opportunities for both students and staff which focused on the topic of preventing violence in school. Law enforcement personnel were invited to join school teaching staff to present age appropriate opportunities for students to discuss issues including, but not limited to, conflict resolution, student diversity and tolerance.

The North Haledon Board of Education was honored, once again, to have two (2) of its teaching staff members designated 2010-2011 Governor's Teacher Recognition Award Recipients. The Department of Special Services continued to offer "coffees" which were held throughout the school year and were well-attended by community members.

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

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

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

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

7. RISK MANAGEMENT: In order to obtain the best coverage at the lowest cost the District is a member of the Pooled Insurance Program of New Jersey. This program allowed us to negotiate better rates by group purchasing of a larger dollar amount of insurance. The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, workmen's comprehensive, hazard and theft insurance on property and contents, and fidelity bonds. The Board also carries Student Accident Insurance for school hours for all attending students. This policy is to complement any existing coverage already subscribed to by parent/guardians.

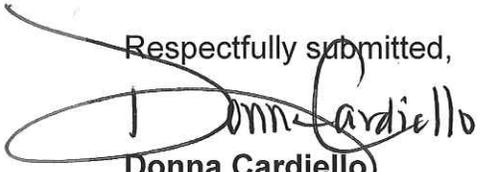
8. OTHER INFORMATION:

A) **Independent Audit** - State statutes require an annual audit by independent certified

public accountants or registered municipal accountants. The accounting firm for the Board is Lerch, Vinci, Higgins, LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditors' report on the basic financial statements and required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the North Haledon Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.

Respectfully submitted,



Donna Cardiello
Superintendent of Schools

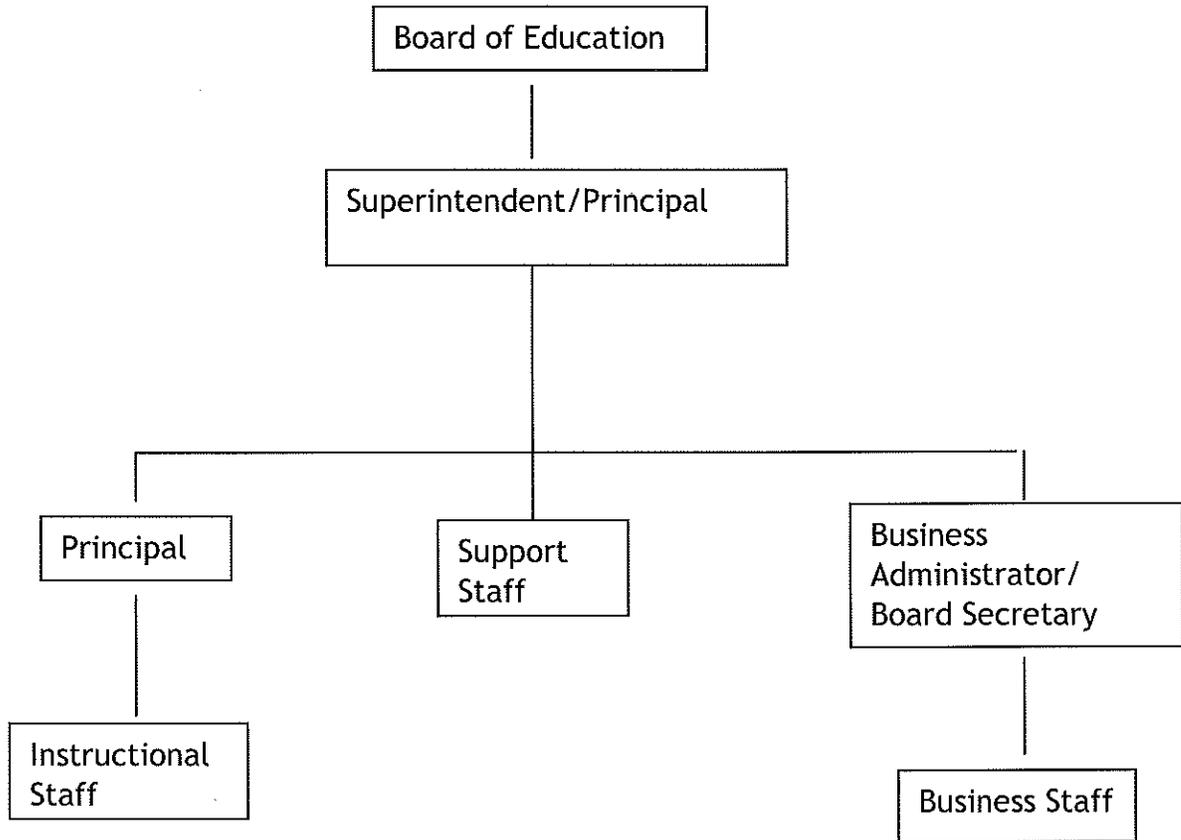


Nancy Di Bartolo
Business Administrator/Board Secretary

NORTH HALEDON BOARD OF EDUCATION

Organizational Chart

(Unit Control)



NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY

Consultants and Advisors

Audit Firm

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

Attorney

Viola Lordi, Esq.
Wilentz Goldman & Spitzer P. A.
Woodbridge, New Jersey

Bond Attorney

Mc Manimon & Scotland
One Gateway Center
Newark, New Jersey

Architect

LAN Associates, Inc.
445 Godwin Avenue
Midland Park, New Jersey

Official Depository

Lakeland Bank
Belmont Avenue
North Haledon, NJ 07508

NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Jordan, President	2012
Paul Gorga, Vice President	2012
Lisa Antropow	2013
Dorothy Contegiacomo	2014
Peter Dudas	2014
Mary Foti	2012
Renate Lampe	2013
Michelle Melone	2014
Anthony Vaccaro	2013

Other Officials

Donna L. Cardiello, Superintendent/Principal

Nancy Di Bartolo, Business Administrator/Board Secretary

Barbara Veltri, Treasurer of School Monies

Viola Lordi, Esq., Solicitor

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Trustees
North Haledon Board of Education
North Haledon, 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 North Haledon 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.

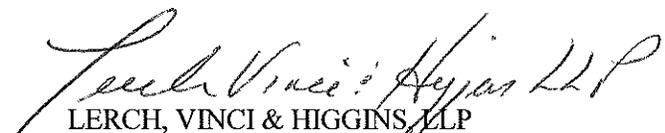
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by 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 North Haledon 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.

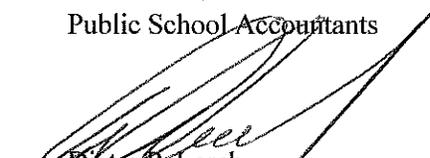
In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Haledon Board of Education 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 October 12, 2011 on our consideration of the North Haledon 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 North Haledon Board of Education's basic financial statements as a whole. The introductory section, combining 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 fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
October 12, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

This discussion and analysis of the North Haledon School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2011. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- District-Wide Financials - Overall revenues were \$10,722,245. General revenues accounted for \$9,220,363 or 86 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,501,882 or 14 percent of total revenues.
- District-Wide Financials - The School District had \$10,871,946 in the "Governmental Activities" expenses; \$1,304,873 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$9,219,875 were adequate to provide for these programs. The Business-Type activities had \$267,264 in expenses and revenues of \$197,497.
- Fund Financials - As of the close of the current fiscal year, the North Haledon Board of Education's governmental funds reported combined ending fund balances of \$781,036, a decrease of \$416,293 in comparison with the prior year.
- Fund Financials - At the end of June 30, 2011, unassigned fund balance for the General Fund was \$270,519, an increase of \$56,446.

**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the district-wide financial statements, fund financial statements and notes to the financial statements.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the North Haledon Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the North Haledon Board of Education, reporting the North Haledon Board of Education's operation in more detail than the district-wide statements.
 - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the North Haledon Board of Education operates like a business.
 - 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.

Figure A-1 summarizes the major features of the North Haledon Board of Education's financial statements, including the portion of the North Haledon Board of Education'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.

**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular, special education, transportation and building maintenance and administration	Activities the district operates similar to private businesses: Food Service
Required financial statements	Statements of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Assets Statement of Revenue, Expenses, and Changes in Fund Net Assets Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
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.

District-wide Statements

District-wide. The *District-wide financial statements* are designed to provide readers with a broad overview of the North Haledon Board of Education's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the North Haledon Board of Education's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing 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 the school buildings and other facilities.

**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

District-wide Statements (Continued)

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

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, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund.

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 by bond covenants.
- The District uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

Governmental funds - The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund 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 a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Fund Financial Statements (Continued)

Proprietary Funds - The District maintains one type of Proprietary Fund, an Enterprise Fund, which is used to report the activity of the Food Service Fund. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

Fiduciary Funds - Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Unemployment, Payroll Agency Fund and the Student Activity Funds. Fiduciary Funds are *not* reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE NORTH HALEDON BOARD OF EDUCATION AS A WHOLE

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net assets. The District's combined net assets were \$7,516,273 on June 30, 2011. (See Table A-1).

A portion of the District's net assets (94 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. 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.

**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 1,071,697	\$ 1,866,595	\$ 75,279	\$ 158,140	\$ 1,146,976	\$ 2,024,735
Capital Assets	<u>27,983,728</u>	<u>28,572,662</u>	<u>65,976</u>	<u>51,322</u>	<u>28,049,704</u>	<u>28,623,984</u>
Total Assets	<u>29,055,425</u>	<u>30,439,257</u>	<u>141,255</u>	<u>209,462</u>	<u>29,196,680</u>	<u>30,648,719</u>
Long-Term Liabilities	21,093,717	21,744,274			21,093,717	21,744,274
Other Liabilities	<u>585,130</u>	<u>971,207</u>	<u>1,560</u>	<u>-</u>	<u>586,690</u>	<u>971,207</u>
Total Liabilities	<u>21,678,847</u>	<u>22,715,481</u>	<u>1,560</u>	<u>-</u>	<u>21,680,407</u>	<u>22,715,481</u>
Net Assets:						
Invested in capital assets, net of related debt	6,993,745	7,024,823	65,976	51,322	7,059,721	7,076,145
Restricted	98,270	229,270			98,270	229,270
Unrestricted	<u>284,563</u>	<u>469,683</u>	<u>73,719</u>	<u>158,140</u>	<u>358,282</u>	<u>627,823</u>
Total Net Assets	<u>\$ 7,376,578</u>	<u>\$ 7,723,776</u>	<u>\$ 139,695</u>	<u>\$ 209,462</u>	<u>\$ 7,516,273</u>	<u>\$ 7,933,238</u>

The majority of the restricted portion of net assets represents the amount of fund balance available in the District's Debt Service Fund from interest earnings transferred from the Capital Projects Fund. A portion of this balance was appropriated in the 2011/2012 school year budget as taxpayer relief in the Debt Service Fund.

Governmental activities. Governmental activities decreased the District's net assets by \$347,198.

**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

**Table A-2
Changes in Net Assets
For the Fiscal Years Ended June 30, 2011 and 2010**

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues						
Charges for Services	\$ 16,273		\$ 143,974	\$ 150,962	\$ 160,247	\$ 150,962
Operating Grants and Contributions	1,140,296	\$ 1,542,717	53,035	51,482	1,193,331	1,594,199
Capital Grants and Contributions	148,304				148,304	
General Revenues						
Property Taxes	9,190,961	8,892,469			9,190,961	8,892,469
Other	17,655	39,107	488	453	18,143	39,560
Federal/State Aid Not Restricted	11,259	48,778	-	-	11,259	48,778
Total Revenues	<u>10,524,748</u>	<u>10,523,071</u>	<u>197,497</u>	<u>202,897</u>	<u>10,722,245</u>	<u>10,725,968</u>
Expenses						
Instruction						
Regular	4,535,027	4,536,548			4,535,027	4,536,548
Special Education	2,016,580	1,887,519			2,016,580	1,887,519
Other Instruction	193,059	168,557			193,059	168,557
School Sponsored Activities and Athletics	29,543	50,895			29,543	50,895
Support Services						
Student and Instruction Related Serv.	1,128,038	879,123			1,128,038	879,123
General Administrative Services	434,950	337,125			434,950	337,125
School Administrative Services	267,744	253,493			267,744	253,493
Plant Operations and Maintenance	765,954	737,769			765,954	737,769
Pupil Transportation	369,401	406,767			369,401	406,767
Central Services	207,851	285,569			207,851	285,569
Food Services			267,264	175,031	267,264	175,031
Interest on Debt and Other Charges	923,799	949,486	-	-	923,799	949,486
Total Expenses	<u>10,871,946</u>	<u>10,492,851</u>	<u>267,264</u>	<u>175,031</u>	<u>11,139,210</u>	<u>10,667,882</u>
Change in Net Assets	(347,198)	30,220	(69,767)	27,866	(416,965)	58,086
Net Assets, Beginning of Year	<u>7,723,776</u>	<u>7,693,556</u>	<u>209,462</u>	<u>181,596</u>	<u>7,933,238</u>	<u>7,875,152</u>
Net Assets, End of Year	<u>\$ 7,376,578</u>	<u>\$ 7,723,776</u>	<u>\$ 139,695</u>	<u>\$ 209,462</u>	<u>\$ 7,516,273</u>	<u>\$ 7,933,238</u>

**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

Table A-2 Revenues by Source- Governmental Activities
For Fiscal Year 2011

Governmental activities. The District's total governmental revenues were \$10,524,748. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$9,219,875 or 88% of total revenues. Funding from state and federal sources amounted to \$1,304,873 or 12%.

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$6,774,209 (62%), student and other support services totaled \$3,173,938 (29%) and interest on long-term debt total \$923,799 (9%) of total expenditures. (See Table A-4.)

Table A-3 Revenues by Source – Governmental Activities
For Fiscal Year 2011

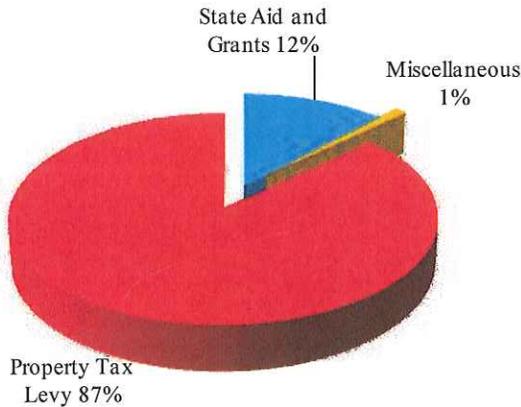
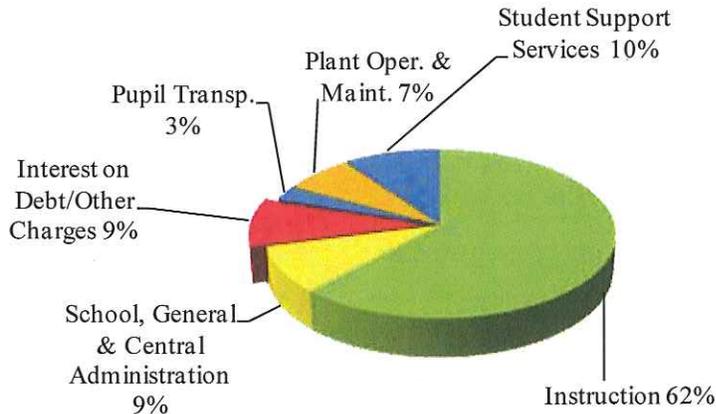


Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year
2011



**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

**Table A-5
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2011 and 2010**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Governmental Activities				
Instruction				
Regular	\$ 4,535,027	\$ 4,536,548	\$ 3,819,089	\$ 3,769,876
Special Education	2,016,580	1,887,519	1,683,379	1,464,664
Other Instruction	193,059	168,557	135,159	135,333
School Sponsored Activities and Athletics	29,543	50,895	26,281	47,463
Support Services				
Student and Instruction Related Svcs.	1,128,038	879,123	975,248	699,993
General Administrative Services	434,950	337,125	434,950	337,125
School Administrative Services	267,744	253,493	267,744	253,493
Plant Operations and Maintenance	765,954	737,769	765,954	737,769
Pupil Transportation	369,401	406,767	327,619	269,363
Central Services	207,851	285,569	207,851	285,569
Interest on Debt/Other Charges	<u>923,799</u>	<u>949,486</u>	<u>923,799</u>	<u>949,486</u>
Total Governmental Activities	<u>\$ 10,871,946</u>	<u>\$ 10,492,851</u>	<u>\$ 9,567,073</u>	<u>\$ 8,950,134</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2011 was \$267,264. These costs were funded by operating grants and charges for services and investment earnings (Detailed on Table A-2). The operations resulted in a decrease in net assets of \$69,767.

**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$781,036. As of June 30, 2010 the fund balance was \$1,197,329. The major decrease in fund balance is due to a decrease in state aid revenues and the use of budgeted fund balance.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$10,524,748 and expenditures were \$10,941,041.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2011 and 2010.

	<u>Year Ended June 30,</u>		Amount of	Percent
	<u>2011</u>	<u>2010</u>	Increase	Increase
			(Decrease)	(Decrease)
Local Sources	\$ 9,224,889	\$ 8,931,577	\$ 293,312	3.3%
State Sources	1,063,277	1,272,139	(208,862)	(16)%
Federal Sources	<u>236,582</u>	<u>319,356</u>	<u>(82,774)</u>	<u>-26%</u>
 Total Revenues	 <u>\$ 10,524,748</u>	 <u>\$ 10,523,072</u>	 <u>\$ 1,676</u>	

The major decrease in State sources is the result of state aid deductions.

**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

The following schedule represents a summary of the governmental fund expenditures for the fiscal years ended June 30, 2011 and 2010.

	<u>Year Ended June 30,</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2011</u>	<u>2010</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
Instruction	\$ 6,123,921	\$ 5,989,673	\$ 134,248	2%
Undistributed Expenditures	3,126,981	2,858,239	268,742	9%
Capital Outlay	136,458	557,135	(420,677)	-75%
Debt Service				
Principal	620,000	595,000	25,000	4%
Interest	<u>933,681</u>	<u>958,969</u>	<u>(25,288)</u>	-2%
 Total Expenditures	 <u>\$ 10,941,041</u>	 <u>\$ 10,959,016</u>	 <u>\$ (17,975)</u>	

General and Special Revenue Fund

Budgetary Highlights

The District's budget is prepared according to New Jersey law and is based on generally accepted accounting principles on the basis of cash receipts, disbursement and encumbrances. The primary funds are the General Fund and Special Revenue Fund (grants and restricted aid).

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent overexpenditures in specific line item accounts.

Capital Assets and Debt Administration. The North Haledon Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2011 amounts to \$28,049,704 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, construction in progress and machinery and equipment.

**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

**Table A-6
Capital Assets
(net of depreciation) at June 30**

	Governmental Activities		Business-Type Activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 46,910	\$ 46,910			\$ 46,910	\$ 46,910
Buildings	30,499,074	30,382,595			30,499,074	30,382,595
Machinery and Equipment	<u>963,700</u>	<u>943,721</u>	\$ 95,601	\$ 69,992	<u>1,059,301</u>	<u>1,013,713</u>
Total	31,509,684	31,373,226	95,601	69,992	31,605,285	31,443,218
Less: Accumulated Depreciation	<u>3,525,956</u>	<u>2,800,564</u>	<u>29,625</u>	<u>18,670</u>	<u>3,555,581</u>	<u>2,819,234</u>
Total	<u>\$ 27,983,728</u>	<u>\$ 28,572,662</u>	<u>\$ 65,976</u>	<u>\$ 51,322</u>	<u>\$ 28,049,704</u>	<u>\$ 28,623,984</u>

Additional information on North Haledon Board of Education's capital assets can be found in Note 3 of this report.

Debt Administration. As of June 30, 2011 the school district had long-term debt and outstanding long-term liabilities in the amount of \$21,093,717 as stated in Table A-7.

**Table A-7
Long-Term Debt
Outstanding Long-Term Liabilities**

	<u>2011</u>	<u>2010</u>
Bonds Payable	\$ 21,000,000	\$ 21,620,000
Compensated Absences Payable	<u>93,717</u>	<u>124,274</u>
Total	<u>\$ 21,093,717</u>	<u>\$ 21,744,274</u>

Additional information on North Haledon Board of Education's long-term debt can be found in Note 3.

**NORTH HALEDON BOARD OF EDUCATION
NORTH HALEDON, NEW JERSEY**

**Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2011**

FOR THE FUTURE

Currently, the District is in superior financial condition. Everyone associated with the North Haledon School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. This, in an environment of flat state aid support, means an ever-increasing reliance on local property taxes.

In conclusion, the North Haledon School District has committed itself to financial and educational excellence. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional information, contact the School Business Administrator at the North Haledon Board of Education, 201 Squawbrook Road, North Haledon, NJ 07508.

BASIC FINANCIAL STATEMENTS

**NORTH HALEDON BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 320,949	\$ 69,705	\$ 390,654
Investments	506,601		506,601
Receivables, net			
Receivables from Other Governments	192,286	3,682	195,968
Deferred Charges	45,780		45,780
Inventory		1,892	1,892
Due from Other Funds	6,081		6,081
Capital Assets			
Not Being Depreciated	46,910		46,910
Being Depreciated, net	27,936,818	65,976	28,002,794
Total Assets	<u>29,055,425</u>	<u>141,255</u>	<u>29,196,680</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	100,320	1,560	101,880
Accrued Interest Payable	340,249		340,249
Unearned Revenue	144,561		144,561
Noncurrent Liabilities			
Due Within One Year	650,000		650,000
Due Beyond One Year	20,443,717	-	20,443,717
Total Liabilities	<u>21,678,847</u>	<u>1,560</u>	<u>21,680,407</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,993,745	65,976	7,059,721
Restricted for			
Capital Projects	103		103
Debt Service	98,167		98,167
Unrestricted	284,563	73,719	358,282
Total Net Assets	<u>\$ 7,376,578</u>	<u>\$ 139,695</u>	<u>\$ 7,516,273</u>

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

NORTH HALEDON BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 4,535,027		\$ 567,634	\$ 148,304	\$ (3,819,089)		\$ (3,819,089)
Special Education	2,016,580		333,201		(1,683,379)		(1,683,379)
Other Instruction	193,059		57,900		(135,159)		(135,159)
School Sponsored Activities and Athletics	29,543		3,262		(26,281)		(26,281)
Support Services							
Student and Instruction Related Services	1,128,038		152,790		(975,248)		(975,248)
General Administrative Services	434,950				(434,950)		(434,950)
School Administrative Services	267,744				(267,744)		(267,744)
Plant Operations and Maintenance	765,954				(765,954)		(765,954)
Pupil Transportation	369,401	\$ 16,273	25,509		(327,619)		(327,619)
Business Services	207,851				(207,851)		(207,851)
Interest on Debt and Other Charges	923,799	-	-	-	(923,799)		(923,799)
Total Governmental Activities	10,871,946	16,273	1,140,296	148,304	(9,567,073)	-	(9,567,073)
Business-Type Activities							
Food Service	267,264	\$ 143,974	53,035	-	-	\$ (70,255)	(70,255)
Total Business-Type Activities	267,264	143,974	53,035	-	-	(70,255)	(70,255)
Total Primary Government	\$ 11,139,210	\$ 160,247	\$ 1,193,331	\$ 148,304	(9,567,073)	(70,255)	(9,637,328)
General Revenues							
Property Taxes					9,190,961		9,190,961
Investment Earnings					5,070	488	5,558
Miscellaneous Income					12,585		12,585
Federal and State Aid not Restricted					11,259		11,259
Total General Revenues					9,219,875	488	9,220,363
Change in Net Assets					(347,198)	(69,767)	(416,965)
Net Assets, Beginning of Year					7,723,776	209,462	7,933,238
Net Assets, End of Year					\$ 7,376,578	\$ 139,695	\$ 7,516,273

FUND FINANCIAL STATEMENTS

**NORTH HALEDON 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	\$ 163,700	\$ 1,532	\$ 56,617	\$ 99,100	\$ 320,949
Investments			506,596	5	506,601
Receivables from Other Governments	20,614	27,148	144,524		192,286
Due from Other Funds	515,481	-	-	-	515,481
	<u>699,795</u>	<u>28,680</u>	<u>707,737</u>	<u>99,105</u>	<u>1,535,317</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 72,723	\$ 4,518			\$ 77,241
Intergovernmental Payable - State		23,079			23,079
Due to Other Funds		1,046	\$ 507,416	\$ 938	509,400
Deferred Revenue	-	37	144,524	-	144,561
	<u>72,723</u>	<u>28,680</u>	<u>651,940</u>	<u>938</u>	<u>754,281</u>
Fund Balances					
Restricted Fund Balance					
Capital Reserve Account	103				103
Capital Projects			55,797		55,797
Excess Surplus	150,937				150,937
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	111,286				111,286
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures				98,167	98,167
Year-end Encumbrances	94,227				94,227
Unassigned Fund Balance					
General Fund	270,519	-	-	-	270,519
	<u>627,072</u>	<u>-</u>	<u>55,797</u>	<u>98,167</u>	<u>781,036</u>
Total Fund Balances	<u>627,072</u>	<u>-</u>	<u>55,797</u>	<u>98,167</u>	<u>781,036</u>
Total Liabilities and Fund Balances	<u>\$ 699,795</u>	<u>\$ 28,680</u>	<u>\$ 707,737</u>	<u>\$ 99,105</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 \$31,509,684 and the accumulated depreciation is \$3,525,956.

27,983,728

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:

(340,249)

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

Bonds Payable	\$ 21,000,000
Less: Deferred charge for Issuance Costs (to be amortized over the life of the debt)	(45,780)
Compensated Absences Payable	<u>93,717</u>

(21,047,937)

Net assets of governmental activities

\$ 7,376,578

**NORTH HALEDON 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					
Local Tax Levy	\$ 7,768,280			\$ 1,422,681	\$ 9,190,961
Transportation	16,273				16,273
Interest	4,296		\$ 774	-	5,070
Miscellaneous	12,585	-	-	-	12,585
Total - Local Sources	<u>7,801,434</u>	<u>-</u>	<u>774</u>	<u>1,422,681</u>	<u>9,224,889</u>
State Sources	881,165	\$ 33,808	148,304		1,063,277
Federal Sources	-	236,582	-	-	236,582
Total Revenues	<u>8,682,599</u>	<u>270,390</u>	<u>149,078</u>	<u>1,422,681</u>	<u>10,524,748</u>
EXPENDITURES					
Current					
Regular Instruction	3,861,800	21,505			3,883,305
Special Education Instruction	1,848,663	169,351			2,018,014
Other Instruction	151,857	41,202			193,059
School-Sponsored Activities and Athletics	29,543				29,543
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,077,986	33,808			1,111,794
General Administrative Services	426,866				426,866
School Administrative Services	259,982				259,982
Plant Operations and Maintenance	738,377				738,377
Pupil Transportation	365,964				365,964
Business Services	223,998				223,998
Debt Service					
Principal				620,000	620,000
Interest and Other Charges				933,681	933,681
Capital Outlay	15,455	4,524	116,479	-	136,458
Total Expenditures	<u>9,000,491</u>	<u>270,390</u>	<u>116,479</u>	<u>1,553,681</u>	<u>10,941,041</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(317,892)</u>	<u>-</u>	<u>32,599</u>	<u>(131,000)</u>	<u>(416,293)</u>
Other Financing Sources					
Transfers In (Out)	774	-	(774)	-	-
Net Change in Fund Balances	(317,118)	-	31,825	(131,000)	(416,293)
Fund Balance, Beginning of Year	<u>944,190</u>	<u>-</u>	<u>23,972</u>	<u>229,167</u>	<u>1,197,329</u>
Fund Balance, End of Year	<u>\$ 627,072</u>	<u>\$ -</u>	<u>\$ 55,797</u>	<u>\$ 98,167</u>	<u>\$ 781,036</u>

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

**NORTH HALEDON 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) \$ (416,293)

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 capital outlay exceeds depreciations in the current period.

Capital Outlay	\$ 136,458	
Depreciation Expense	<u>(725,392)</u>	
		(588,934)

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		30,557
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Repayment of bond 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.

620,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details are as follows:

Decrease in Accrued Interest	9,882	
Amortization of Deferred Charge on Issuance Costs	<u>(2,410)</u>	
		<u>7,472</u>

Change in net assets of governmental activities		\$ <u>(347,198)</u>
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**NORTH HALEDON BOARD OF EDUCATION
 PROPRIETARY FUND
 ENTERPRISE FUND
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2011**

	<u>Enterprise Fund- Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 69,705
Intergovernmental Receivable	
State	238
Federal	3,444
Inventories	<u>1,892</u>
Total Current Assets	<u>75,279</u>
Capital Assets	
Equipment	95,601
Less: Accumulated Depreciation	<u>(29,625)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>65,976</u>
Total Assets	<u>141,255</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>1,560</u>
Total Current Liabilities	<u>1,560</u>
NET ASSETS	
Invested in Capital Assets	65,976
Unrestricted	<u>73,719</u>
Total Net Assets	<u>\$ 139,695</u>

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

	Enterprise Fund - Food Service
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 143,974
Total Operating Revenues	<u>143,974</u>
 OPERATING EXPENSES	
Cost of Sales	98,035
Salaries and Wages	125,869
Employee Benefits	17,179
Insurance	4,162
Management Fee	7,600
Supplies and Materials	619
Depreciation	10,955
Miscellaneous	<u>2,845</u>
Total Operating Expenses	<u>267,264</u>
Operating Loss	<u>(123,290)</u>
 NONOPERATING REVENUES	
Interest Income	488
State Sources	
State School Lunch Program	2,514
Federal Sources	
National School Lunch Program	41,411
Special Milk Program	69
Commodities - Food Distribution Program	<u>9,041</u>
Total Nonoperating Revenues	<u>53,523</u>
Change in Net Assets	(69,767)
Net Assets, Beginning of Year	<u>209,462</u>
Net Assets, End of Year	<u>\$ 139,695</u>

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

**NORTH HALEDON BOARD OF EDUCATION
 PROPRIETARY FUND
 ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Other Non-Major Enterprise Fund - <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 143,974
Cash Payments for Employees' Salaries and Benefits	(143,048)
Cash Payments to Suppliers for Goods and Services	<u>(112,337)</u>
Net Cash Provided by/(Used for) Operating Activities	<u>(111,411)</u>
Cash Flows from Investing Activities	
Interest Income	<u>488</u>
Net Cash Provided by Investing Financing Activities	<u>488</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	<u>(25,609)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(25,609)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>53,342</u>
Net Cash Provided by Noncapital Financing Activities	<u>53,342</u>
Net Increase in Cash and Cash Equivalents	(83,190)
Cash and Cash Equivalents, Beginning of Year	<u>152,895</u>
Cash and Cash Equivalents, End of Year	<u>\$ 69,705</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ <u>(123,290)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities	
Depreciation	10,955
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	1,560
(Increase)/Decrease in Inventory	<u>(636)</u>
Total Adjustments	<u>11,879</u>
Net Cash (Used) Provided by Operating Activities	<u>\$ (111,411)</u>
Non-Cash Investing Capital and Financing Activities	
Value Received for Food Distribution Program	<u>\$ 9,041</u>

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

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

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ <u>15,332</u>	\$ <u>64,897</u>
Total Assets	<u>15,332</u>	<u>\$ 64,897</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 11,734
Accrued Salaries and Wages		2,039
Due to State of New Jersey	\$ 5,848	
Due to General Fund	6,081	
Due to Student Groups	<u>-</u>	<u>51,124</u>
Total Liabilities	<u>11,929</u>	<u>\$ 64,897</u>
NET ASSETS		
Held in Trust for Unemployment Claims	<u>\$ 3,403</u>	

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

**NORTH HALEDON 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>
ADDITIONS	
Contributions	
Employees	\$ 13,185
Interest	<u>48</u>
Total Additions	<u>13,233</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>18,033</u>
Total Deductions	<u>18,033</u>
Change in Net Assets	(4,800)
Net Assets, Beginning of Year	<u>8,203</u>
Net Assets, End of Year	<u>\$ 3,403</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

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

B. Basic Financial Statements

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

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

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.

**NORTH HALEDON 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 and enterprise 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.

**NORTH HALEDON 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 major proprietary fund which is organized to be self-supporting through user charges:

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

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, 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 are 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

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

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

2. *Receivables and Payables*

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

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

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

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

3. *Inventories*

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA.

**NORTH HALEDON 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

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 primary government is depreciated using the straight line method over the following estimated useful lives:

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

5. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation, personal and 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.

**NORTH HALEDON 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.

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that was appropriated in the 2011/2012 original budget certified for taxes.

Reserved Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012/2013 original budget certified for taxes.

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

**NORTH HALEDON 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)

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

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

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

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.

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.

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 \$362,074. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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 and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Capital Reserve

A capital reserve account was established by the District on September 27, 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:

Balance July 1, 2010	<u>\$ 103</u>
Balance June 30, 2011	<u>\$ 103</u>

C. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2011 is \$262,223. Of this amount, \$111,286 was designated and appropriated in the 2011/2012 original budget certified for taxes and the remaining amount of \$150,937 will be appropriated in the 2012/2013 original budget certified for taxes.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$470,883 and bank balances of the Board's cash and deposits amounted to \$726,364. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

<u>Investment Type:</u>	<u>Bank Balance</u>
U.S. Government Securities	\$ <u>506,601</u>

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 the following investments:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>726,364</u>

**NORTH HALEDON 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)

Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2011, \$506,601 of the Board’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by counterparty's trust department or agent but not in the Board's name	\$ <u>506,601</u>

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

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

B. Receivables

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 20,614	\$ 27,148	\$ 144,524	\$ 3,682	\$ 195,968
Gross Receivables	20,614	27,148	144,524	3,682	195,968
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 20,614</u>	<u>\$ 27,148</u>	<u>\$ 144,524</u>	<u>\$ 3,682</u>	<u>\$ 195,968</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 37
Capital Projects Fund	
Unrealized School Facility Grants	<u>144,524</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$ 144,561</u>

C. Capital Assets

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

	Balance, <u>July 1, 2010</u>	<u>Increases</u>	<u>Decrease</u>	<u>Adjustments</u>	Balance, <u>June 30, 2011</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 46,910	-	-	-	\$ 46,910
Total capital assets, not being depreciated	<u>46,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,910</u>
Capital assets, being depreciated:					
Buildings	30,382,595	\$ 116,479		-	30,499,074
Machinery and equipment	943,721	19,979	-	-	963,700
Total capital assets being depreciated	<u>31,326,316</u>	<u>136,458</u>	<u>-</u>	<u>-</u>	<u>31,462,774</u>
Less accumulated depreciation for:					
Buildings	(2,579,575)	(646,293)			(3,225,868)
Machinery and equipment	(220,989)	(79,099)	-	-	(300,088)
Total accumulated depreciation	<u>(2,800,564)</u>	<u>(725,392)</u>	<u>-</u>	<u>-</u>	<u>(3,525,956)</u>
Total capital assets, being depreciated, net	<u>28,525,752</u>	<u>(588,934)</u>	<u>-</u>	<u>-</u>	<u>27,936,818</u>
Government activities capital assets, net	<u>\$ 28,572,662</u>	<u>\$ (588,934)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,983,728</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance, <u>July 1, 2010</u>	<u>Increases</u>	<u>Decrease</u>	<u>Adjustments</u>	Balance, <u>June 30, 2011</u>
Business-type activities:					
Capital assets, being depreciated:					
Machinery and equipment	\$ 69,992	25,609	-	-	\$ 95,601
Total capital assets being depreciated	<u>69,992</u>	<u>25,609</u>	<u>-</u>	<u>-</u>	<u>95,601</u>
Less accumulated depreciation for:					
Machinery and equipment	(18,670)	\$ (10,955)	-	-	(29,625)
Total accumulated depreciation	<u>(18,670)</u>	<u>(10,955)</u>	<u>-</u>	<u>-</u>	<u>(29,625)</u>
Total capital assets, being depreciated, net	<u>51,322</u>	<u>14,654</u>	<u>-</u>	<u>-</u>	<u>65,976</u>
Business-type activities capital assets, net	<u>\$ 51,322</u>	<u>\$ 14,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,976</u>

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

Governmental Activities:

Instruction		
Regular		\$ 654,402
Total Instruction		<u>654,402</u>
Support Services		
Support Services-Students		22,897
General Administration		8,084
School Administration		12,052
Pupil Transportation		3,437
Operations and Maintenance of Plant		<u>24,520</u>
Total Support Services		<u>70,990</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 725,392</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 10,955</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 1,046
General Fund	Capital Projects Fund	507,416
General Fund	Debt Service Fund	938
General Fund	Unemployment Fund	<u>6,081</u>
		<u>\$ 515,481</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund.

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

Interfund transfers

	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	<u>\$ 774</u>	<u>\$ 774</u>
	<u>\$ 774</u>	<u>\$ 774</u>

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

**NORTH HALEDON 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

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:

\$22,835,000, 2005 Bonds, due in annual installments of \$650,000 to \$1,575,000 through February 15, 2030, interest at 4.250% to 4.375%	<u>\$ 21,000,000</u>
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Intergovernmental Loan Payable

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

Governmental Activities:

Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 650,000	\$ 907,331	\$ 1,557,331
2013	685,000	879,706	1,564,706
2014	715,000	850,594	1,565,594
2015	750,000	820,206	1,570,206
2016	785,000	788,331	1,573,331
2017-2021	4,515,000	3,409,130	7,924,130
2022-2026	5,705,000	2,345,018	8,050,018
2027-2031	<u>7,195,000</u>	<u>973,438</u>	<u>8,168,438</u>
	<u>\$ 21,000,000</u>	<u>\$ 10,973,754</u>	<u>\$ 31,973,754</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)	\$ 44,824,204
Less: Net Debt	<u>21,000,283</u>
Remaining Borrowing Power	<u>\$ 23,823,921</u>

**NORTH HALEDON 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>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2011</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds Payable	\$ 21,620,000		\$ 620,000	\$ 21,000,000	\$ 650,000
Compensated Absences	<u>124,274</u>	<u>\$ 3,057</u>	<u>33,614</u>	<u>93,717</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 21,744,274</u>	<u>\$ 3,057</u>	<u>\$ 653,614</u>	<u>\$ 21,093,717</u>	<u>\$ 650,000</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. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Pooled Insurance Program. The Program is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

The Pooled Insurance Program provide 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.

**NORTH HALEDON 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 (Continued)

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>Year Ended</u> <u>June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>District</u> <u>Contribution</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$ 13,185		\$ 18,033	\$ 3,403
2010	2,103	\$ 16,000	27,378	8,203
2009	7,538	7,800	6,237	17,456

B. Contingent Liabilities

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

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

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2010, the District had estimated arbitrage earnings due to the IRS in the amount of \$300,907. The accrued liability was remitted to the IRS in January, 2011.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Significant Legislation

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

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

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

**NORTH HALEDON 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.

**NORTH HALEDON 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)

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

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and 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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>
2011	\$ 90,571	\$ 12,988
2010	50,547	13,071
2009	20,749	13,310

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 \$12,988, \$13,071 and \$13,310 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 \$329,064 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.

**NORTH HALEDON 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)

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

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

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

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

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.

**NORTH HALEDON 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)

Investment Valuation

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

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

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 \$275,872, \$245,484 and \$253,950, 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

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 7,768,280		\$ 7,768,280	\$ 7,768,280	
Transportation	19,500		19,500	16,273	\$ (3,227)
Interest			-	4,296	4,296
Miscellaneous Revenue	2,500	-	2,500	12,585	10,085
Total Local Sources	<u>7,790,280</u>	<u>-</u>	<u>7,790,280</u>	<u>7,801,434</u>	<u>11,154</u>
State Sources					
Special Education Aid	120,364		120,364	120,364	
Additional Nonpublic Transportation Aid				20,614	20,614
Extraordinary Aid				90,963	90,963
On-behalf TPAF Pension System Payments - NCGI Premium (Non-Budget)				12,988	12,988
On-behalf TPAF Pension System Payments - Post Retirement Medical Contribution (Non-Budget)				275,872	275,872
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	329,064	329,064
Total State Sources	<u>120,364</u>	<u>-</u>	<u>120,364</u>	<u>849,865</u>	<u>729,501</u>
Federal Sources					
Medicaid	-	-	-	-	-
Total Federal Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>7,910,644</u>	<u>-</u>	<u>7,910,644</u>	<u>8,651,299</u>	<u>740,655</u>
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	253,100	\$ 50,180	303,280	303,280	
Grades 1-5	1,271,016	53,000	1,324,016	1,317,154	6,862
Grades 6-8	1,035,534	(90,000)	945,534	941,670	3,864
Regular Program - Home Instruction					
Salaries of Teachers	1,000	(1,000)	-	-	-
Regular Programs - Undistributed Instruction					
Purchased Professional/Educational Services	12,500	7,462	19,962	16,326	3,636
Purchased Technical Services	37,000	(1,400)	35,600	28,820	6,780
Other Purchased Services	32,000	500	32,500	32,000	500
Travel	800	-	800	334	466
General Supplies	150,000	15,682	165,682	109,479	56,203
Textbooks	5,000	-	5,000	-	5,000
Total Regular Programs	<u>2,797,950</u>	<u>34,424</u>	<u>2,832,374</u>	<u>2,749,063</u>	<u>83,311</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 220,053	\$ 1,000	\$ 221,053	\$ 220,453	\$ 600
Other Salaries for Instruction	42,945	(510)	42,435	42,435	-
Purchased Professional-Educational Services	1,000	-	1,000		1,000
Other Purchased Services	125	-	125		125
General Supplies	1,200	94	1,294	771	523
	<u>265,323</u>	<u>584</u>	<u>265,907</u>	<u>263,659</u>	<u>2,248</u>
Multiple Disabilities					
Salaries of Teachers	148,375	4,593	152,968	152,968	-
Other Salaries for Instruction	71,464	23,694	95,158	91,665	3,493
Purchased Professional-Educational Services	10,000	700	10,700	8,084	2,616
Other Purchased Services	125	-	125	-	125
General Supplies	1,200	2,154	3,354	2,970	384
	<u>231,164</u>	<u>31,141</u>	<u>262,305</u>	<u>255,687</u>	<u>6,618</u>
Special Education					
Resource Room					
Salaries of Teachers	387,389	1,000	388,389	388,389	-
Other Purchased Services	125	-	125	-	125
General Supplies	1,500	4,131	5,631	5,515	116
	<u>389,014</u>	<u>5,131</u>	<u>394,145</u>	<u>393,904</u>	<u>241</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	92,170	9,893	102,063	98,322	3,741
Other Salaries for Instruction	43,725	3,474	47,199	44,309	2,890
Purchased Professional-Educational Services	24,000	(700)	23,300	15,160	8,140
Other Purchased Services	75	-	75	-	75
General Supplies	1,200	90	1,290	1,283	7
	<u>161,170</u>	<u>12,757</u>	<u>173,927</u>	<u>159,074</u>	<u>14,853</u>
Special Education					
Home Instruction					
Salaries of Teachers	1,000	(1,000)	-	-	-
	<u>1,000</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Preschool Disabilities - Part-Time	<u>1,000</u>	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Education	<u>1,047,671</u>	<u>48,613</u>	<u>1,096,284</u>	<u>1,072,324</u>	<u>23,960</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 152,883	\$ (43,770)	\$ 109,113	\$ 108,842	\$ 271
General Supplies	200	459	659	647	12
Total Basic Skills/Remedial	<u>153,083</u>	<u>(43,311)</u>	<u>109,772</u>	<u>109,489</u>	<u>283</u>
Bilingual Education					
Salaries of Teachers	3,500	-	3,500	-	3,500
General Supplies	100	-	100	-	100
Total Bilingual Education	<u>3,600</u>	<u>-</u>	<u>3,600</u>	<u>-</u>	<u>3,600</u>
School Sponsored Cocurricular Activities					
Salaries	25,000	-	25,000	21,265	3,735
Total School Sponsored Cocurricular Activities	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>21,265</u>	<u>3,735</u>
Total Instruction	<u>4,027,304</u>	<u>39,726</u>	<u>4,067,030</u>	<u>3,952,141</u>	<u>114,889</u>
Undistributed Expenditures					
Instruction					
Tuition - Regular	-	-	-	-	-
Tuition to Other LEAs Within the State-Special	342,180	(22,700)	319,480	314,164	5,316
Tuition to Priv. Sch. for the Handicap					
Within the State	65,264	(7,100)	58,164	57,908	256
Tuition - Other	3,250	(3,150)	100	100	-
Total Undistributed Expenditures - Instruction	<u>410,694</u>	<u>(32,950)</u>	<u>377,744</u>	<u>372,172</u>	<u>5,572</u>
Health Services					
Salaries	118,390	7,392	125,782	121,782	4,000
Purchased Professional and Technical Services	1,000	-	1,000	-	1,000
Other Purchased Services	100	-	100	42	58
Supplies and Materials	1,500	482	1,982	1,963	19
Total Health Services	<u>120,990</u>	<u>7,874</u>	<u>128,864</u>	<u>123,787</u>	<u>5,077</u>
Other Support Serv. Students - Related Serv.					
Salaries	118,715	8,650	127,365	122,865	4,500
Supplies and Materials	700	451	1,151	1,041	110
Other Objects	100	-	100	-	100
Total Other Support Serv. Students - Related Serv.	<u>119,515</u>	<u>9,101</u>	<u>128,616</u>	<u>123,906</u>	<u>4,710</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Other Support Serv. Students - Extra Svcs.					
Salaries	\$ 31,386	\$ 21,054	\$ 52,440	\$ 52,440	-
Purchased Professional-Educational Services	7,500	67,156	74,656	74,602	\$ 54
Supplies and Materials	1,000	(241)	759	759	-
Total Other Support Serv. Students - Extra Svcs.	39,886	87,969	127,855	127,801	54
Other Support Services-Students-Guidance					
Other Purchased Prof. And Tech. Services		117	117	117	-
Supplies and Materials	-	-	-	-	-
Total Other Support Services - Students - Guidance	-	117	117	117	-
Other Support Services-Students-Child Study Teams					
Salaries of Other Professional Staff	157,057	6,000	163,057	162,753	304
Purchased Professional - Educational Services	6,000	2,709	8,709	6,700	2,009
Misc. Purchased Services	250	(250)	-	-	-
Supplies and Materials	1,500	-	1,500	1,160	340
Other Objects	1,200	1,090	2,290	1,090	1,200
Total Other Support Services - Students - Special Services	166,007	9,549	175,556	171,703	3,853
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	72,575	-	72,575	71,036	1,539
Other Purchased Services	100	349	449	349	100
Supplies and Materials	500	1,277	1,777	1,376	401
Other Objects	1,100	939	2,039	939	1,100
Total Improvement of Instructional Services	74,275	2,565	76,840	73,700	3,140
Educational Media Services/School Library					
Salaries	168,240	-	168,240	167,813	427
Purchased Professional and Technical Services	3,700	-	3,700	1,949	1,751
Other Purchased Services	125	-	125	50	75
Supplies and Materials	10,300	915	11,215	11,193	22
Other Objects	850	304	1,154	1,100	54
Total Educational Media Serv./School Library	183,215	1,219	184,434	182,105	2,329
Staff Training Services					
Purchased Professional/Educational Services	50,000	-	50,000	37,837	12,163
Total Staff Training Services	50,000	-	50,000	37,837	12,163

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 159,615	\$ 1,100	\$ 160,715	\$ 159,615	\$ 1,100
Legal Services	50,000	10,000	60,000	36,008	23,992
Audit Fees	21,000	19,300	40,300	20,720	19,580
Other Purchased Professional Services	1,800	-	1,800	1,776	24
Purchased Technical Services		2,300	2,300	-	2,300
Communications/Telephone	50,000	5,600	55,600	55,387	213
Travel		1,000	1,000	86	914
BOE Other Purchased Services	23,500	(5,000)	18,500	16,933	1,567
Other Purchased Services	6,250	-	6,250	5,992	258
General Supplies	3,000	2,400	5,400	1,716	3,684
BOE In-House Training/Meeting Supplies	100	-	100	-	100
Miscellaneous Expenditures	3,300	5,000	8,300	8,277	23
BOE Membership Dues and Fees	5,900	-	5,900	4,739	1,161
Total Support Services General Administration	324,465	41,700	366,165	311,249	54,916
Support Services School Administration					
Salaries of Principal/Asst. Principals	102,500	(2,500)	100,000	100,000	-
Salaries of Secretarial and Clerical Assistants	98,150	4,500	102,650	93,737	8,913
Purchased Professional/Tech.Services	500	-	500	349	151
Other Purchased Services	250	-	250	-	250
Supplies and Materials	2,000	2,000	4,000	3,729	271
Other Objects	1,500	3,000	4,500	3,610	890
Total Support Services School Administration	204,900	7,000	211,900	201,425	10,475
Central Services					
Salaries	134,401	6,000	140,401	139,710	691
Purchased Professional Services	18,000	4,308	22,308	21,981	327
Purchased Technical Services	5,000	-	5,000	3,704	1,296
Misc. Purchased Services - Lease	3,825	5,000	8,825	8,162	663
Supplies and Materials	1,800	55	1,855	1,821	34
Miscellaneous Expenditures	1,500	(55)	1,445	1,393	52
Total Central Services	164,526	15,308	179,834	176,771	3,063
Administration Information Technology					
Purchased Technical Services	5,000	-	5,000	5,000	-
Total Administration Information Technology	5,000	-	5,000	5,000	-
Required Maintenance for School Facilities					
Salaries	55,995	6,000	61,995	61,995	-
Cleaning, Repair and Maint. Serv.	30,000	2,965	32,965	27,844	5,121
General Supplies	4,000	-	4,000	3,993	7
Miscellaneous Expenditures	-	100	100	80	20
Total Required Maintenance for School Facilities	89,995	9,065	99,060	93,912	5,148

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Other Operation and Maintenance of Plant					
Salaries	\$ 198,370	\$ (48,000)	\$ 150,370	\$ 150,075	\$ 295
Purchased Prof. And Technical Serv.	20,000	14,645	34,645	30,192	4,453
Cleaning, Repair and Maintenance	3,000	13,850	16,850	1,578	15,272
Other Purchased Property Services	5,000	150	5,150	5,146	4
Insurance	76,000	-	76,000	75,323	677
General Supplies	65,000	(14,000)	51,000	38,306	12,694
Energy (Heat and Electricity)	260,000	-	260,000	255,897	4,103
	<u>627,370</u>	<u>(33,355)</u>	<u>594,015</u>	<u>556,517</u>	<u>37,498</u>
Total Other Operation and Maintenance of Plant					
Security					
Purchased Professional and Technical Services	6,000	-	6,000	6,000	-
General Supplies	17,850	-	17,850	17,850	-
	<u>23,850</u>	<u>-</u>	<u>23,850</u>	<u>23,850</u>	<u>-</u>
Total Security					
Student Transportation Services					
Salaries of Non-Instructional Aides	10,250	(1,400)	8,850	8,816	34
Salaries for Pupil Transportation (Between Home and School) - Special	42,805	6,000	48,805	48,805	-
Management fees- ESC & CTSA Transportation	9,800	-	9,800	3,554	6,246
Cleaning, Repair and Maintenance Services	7,000	559	7,559	6,105	1,454
Contract Services -(Bet. Home and School) Vend.	62,816	(201)	62,615	62,317	298
Contracted Serv.-(Bet. Home and Sch.) Joint Agr.	145,000	(14,284)	130,716	120,830	9,886
Contracted Services (Spl. Ed. Students) - ESCs & CT!	155,000	(32,400)	122,600	97,920	24,680
Miscellaneous Expenditures	-	201	201	201	-
	<u>432,671</u>	<u>(41,525)</u>	<u>391,146</u>	<u>348,548</u>	<u>42,598</u>
Total Student Transportation Services					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	65,000	12,460	77,460	77,313	147
Other Retirement Contributions-Regular	80,000	11,950	91,950	90,571	1,379
Unemployment Compensation	5,000	6,929	11,929	11,929	-
Workmen's Compensation	59,214	5,284	64,498	64,498	-
Health Benefits	1,126,976	4,637	1,131,613	1,127,216	4,397
Tuition Reimbursement	23,500	3,090	26,590	24,730	1,860
Other Employee Benefits	7,500	25,410	32,910	32,870	40
	<u>1,367,190</u>	<u>69,760</u>	<u>1,436,950</u>	<u>1,417,198</u>	<u>19,752</u>
Total Unallocated Benefits - Employee Benefits					
On-behalf TPAF Pension System Payments - Normal Cost (Non-Budget)					
				12,988	(12,988)
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)					
				275,872	(275,872)
Reimbursed TPAF Social Security Payments (Non-Budget)					
	-	-	-	329,064	(329,064)
Total Undistributed Expenditures					
	<u>4,404,549</u>	<u>153,397</u>	<u>4,557,946</u>	<u>4,965,522</u>	<u>(407,576)</u>
Total Expenditures - Current Expenditures					
	<u>8,431,853</u>	<u>193,123</u>	<u>8,624,976</u>	<u>8,917,663</u>	<u>(292,687)</u>

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures - Instructional		\$ 15,498	\$ 15,498	\$ 15,455	\$ 43
Undistributed Expenditures - Non - Instructional		8,000	8,000		8,000
Facilities Acquisition and Construction Services					
Other Objects	\$ 67,373	-	67,373	67,373	-
Total Capital Outlay	67,373	23,498	90,871	82,828	8,043
Total Expenditures	\$ 8,499,226	216,621	8,715,847	9,000,491	(284,644)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(588,582)	(216,621)	(805,203)	(349,192)	456,011
Other Finance Sources					
Transfers In	-	-	-	774	774
Fund Balance, Beginning of Year	1,066,548	-	1,066,548	1,066,548	-
Fund Balance, End of Year	\$ 477,966	\$ (216,621)	\$ 261,345	\$ 718,130	\$ 456,785
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 103	
Excess Surplus				150,937	
Excess Surplus - Designated for Subsequent Year's Expenditures				111,286	
Assigned					
Year-End Encumbrances				94,227	
Unassigned				361,577	
Reconciliation to Governmental Funds Statements (GAAP):				718,130	
Less: Final State Aid Payments Not Recognized on GAAP Basis				(91,058)	
Fund Balance Per Governmental Funds (GAAP)				\$ 627,072	

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

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State		\$ 60,485	\$ 60,485	\$ 33,808	\$ (26,677)
Federal	\$ 152,254	84,328	236,582	229,886	(6,696)
Total Revenues	<u>152,254</u>	<u>144,813</u>	<u>297,067</u>	<u>263,694</u>	<u>(33,373)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	16,000	14,858	30,858	30,858	
Tuition	118,867	21,150	140,017	140,017	
Other Purchased Services		8,287	8,287	8,287	
General Supplies	-	10,265	10,265	10,265	-
Total Instruction	<u>134,867</u>	<u>54,560</u>	<u>189,427</u>	<u>189,427</u>	<u>-</u>
Support Services					
Purchased Professional/Technical Services		8,425	8,425	8,425	
Personal Services-Employee Benefits		10,344	10,344	8,172	2,172
Purchased Professional/Educational Services	17,387	66,603	83,990	57,313	26,677
Total Support Services	<u>17,387</u>	<u>85,372</u>	<u>102,759</u>	<u>73,910</u>	<u>28,849</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	4,881	4,881	357	4,524
Total Facilities Acq. and Construction	<u>-</u>	<u>4,881</u>	<u>4,881</u>	<u>357</u>	<u>4,524</u>
Total Expenditures	<u>152,254</u>	<u>144,813</u>	<u>297,067</u>	<u>263,694</u>	<u>33,373</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

	General Fund		Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	(C-1) \$ 8,651,299	(C-2)	\$ 263,694
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			6,696
State Aid payment recognized for GAAP purposes, not recognized for Budgetary statements (2009/2010 State Aid)	122,358		
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2010/2011 State Aid)	<u>(91,058)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 8,682,599</u>		<u>\$ 270,390</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 9,000,491	(C-2)	\$ 263,694
Differences - Budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
Encumbrances, June 30, 2010	<u>-</u>		<u>6,696</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 9,000,491</u>		<u>\$ 270,390</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	NCLB Title I	NCLB Title II A	NCLB Title II D	IDEIA Part B, Basic	IDEIA Part B, Preschool	ARRA Basic	ARRA Preschool	Total Exhibit E-1a	Total 2011
REVENUES									
Intergovernmental									
State	\$ 39,030	\$ 21,424	\$ 81	\$ 149,818	\$ 8,287	\$ 10,943	\$ 303	\$ 33,808	\$ 33,808
Federal									229,886
Total Revenues	\$ 39,030	\$ 21,424	\$ 81	\$ 149,818	\$ 8,287	\$ 10,943	\$ 303	\$ 33,808	\$ 263,694
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 30,858			\$ 140,017					\$ 30,858
Tuition					\$ 8,287				140,017
Other Purchased Services				9,801		\$ 161	\$ 303		8,287
General Supplies									10,265
Total Instruction	\$ 30,858			\$ 149,818	\$ 8,287	\$ 161	\$ 303		\$ 189,427
Support Services									
Purchased Professional/Technical Services						8,425			8,425
Purchased Professional/Educational Services	2,000	\$ 21,424	\$ 81					\$ 33,808	57,313
Personal Services - Employee Benefits	6,172					2,000			8,172
Total Support Services	\$ 8,172	\$ 21,424	\$ 81			\$ 10,425		\$ 33,808	\$ 73,910
Facilities Acquisition and Construction									
Instructional Equipment						357			357
Total Facilities Acq. and Construction						\$ 357			\$ 357
Transfer to Charter School									
Total Expenditures	\$ 39,030	\$ 21,424	\$ 81	\$ 149,818	\$ 8,287	\$ 10,943	\$ 303	\$ 33,808	\$ 263,694

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

	Compensatory Education	Initial Exam. & Class.	Supple- mental Instruction	Corrective Speech	Exhibit E-1a Total 2011
REVENUES					
Intergovernmental State	\$ 24,113	\$ 5,421	\$ 3,961	\$ 313	\$ 33,808
Total Revenues	<u>\$ 24,113</u>	<u>\$ 5,421</u>	<u>\$ 3,961</u>	<u>\$ 313</u>	<u>\$ 33,808</u>
EXPENDITURES					
Instruction					
Purchased Professional/Educational Services	\$ 24,113	\$ 5,421	\$ 3,961	\$ 313	\$ 33,808
Total Instruction	<u>24,113</u>	<u>5,421</u>	<u>3,961</u>	<u>313</u>	<u>33,808</u>
Total Expenditures	<u>\$ 24,113</u>	<u>\$ 5,421</u>	<u>\$ 3,961</u>	<u>\$ 313</u>	<u>\$ 33,808</u>

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

NORTH HALEDON BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2011</u>
		<u>Prior Years</u>	<u>Current Year</u>	
High Mountain School Expansion	\$ 11,987,451	\$ 11,972,182		\$ 15,269
Construction of Memorial School	<u>18,355,107</u>	<u>18,053,294</u>	\$ 116,479	<u>185,334</u>
	<u>\$ 30,342,558</u>	<u>\$ 30,025,476</u>	<u>\$ 116,479</u>	<u>\$ 200,603</u>
Appropriation Balance June 30, 2011				\$ 200,603
Less: Bond Authorizations Not Issued				<u>283</u>
Fund Balance, Budgetary Basis				<u>\$ 200,320</u>

**NORTH HALEDON 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	
Interest on Investments	\$ <u>774</u>
Total Revenues and Other Financing Sources	<u>774</u>
EXPENDITURES AND OTHER FINANCING USES	
Construction Costs	<u>116,479</u>
Total Expenditures and Other Financing Uses	<u>116,479</u>
Other Financing Sources (Uses)	
Transfers Out	<u>(774)</u>
Net Changes in Fund Balance	(116,479)
Fund Balance, Beginning of Year	<u>316,799</u>
Fund Balance, End of Year	<u><u>\$ 200,320</u></u>
Reconciliation to GAAP:	
Fund Balance - Budgetary Basis	\$ 200,320
Less - SCC Grant Revenue not realized on GAAP Basis	<u>(144,524)</u>
Fund Balance - GAAP Basis	<u><u>\$ 55,796</u></u>

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
HIGH MOUNTAIN EXPANSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 8,775,528		\$ 8,775,528	\$ 8,775,811
SCC Grant Proceeds	<u>3,211,640</u>	<u>-</u>	<u>3,211,640</u>	<u>3,211,640</u>
 Total Revenues	 11,987,168	 -	 11,987,168	 11,987,451
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Costs	9,688,620		9,688,620	9,073,463
Purchased Professional and Technical Services	<u>2,283,561</u>	<u>-</u>	<u>2,283,561</u>	<u>2,913,988</u>
 Total Expenditures and Other Financing Uses	 <u>11,972,181</u>	 <u>-</u>	 <u>11,972,181</u>	 <u>11,987,451</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 14,987</u>	 <u>\$ -</u>	 <u>\$ 14,987</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	3640-050-05-1000
Grant Date	01/18/2005
Bond Authorization Date	09/27/2005
Bonds Authorized	\$ 8,775,811
Bonds Issued	8,775,528
SCC Grant Authorized	3,211,640
Original Authorized Cost	11,987,451
Additional Authorized Cost	-
Revised Authorized Cost	11,987,451

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	2008
Revised Target Completion Date	N/A

**NORTH HALEDON BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
CONSTRUCTION OF MEMORIAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds and Transfers	\$ 15,059,472		\$ 15,059,472	\$ 15,059,472
SCC Grant Proceeds	<u>3,295,635</u>	<u>-</u>	<u>3,295,635</u>	<u>3,295,635</u>
 Total Revenues	 18,355,107	 -	 18,355,107	 18,355,107
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Costs	16,410,993	\$ 116,479	16,527,472	18,355,107
Purchased Professional and Technical Services	<u>1,642,301</u>	<u>-</u>	<u>1,642,301</u>	<u>-</u>
 Total Expenditures and Other Financing Uses	 <u>18,053,294</u>	 <u>116,479</u>	 <u>18,169,773</u>	 <u>18,355,107</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 301,813</u>	 <u>\$ (116,479)</u>	 <u>\$ 185,334</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	3640-060-05-1000
Grant Date	04/25/2005
Bond Authorization Date	09/27/2005
Bonds Authorized	\$ 15,059,472
Bonds Issued	15,049,472
SCC Grant Authorized	3,295,635
Original Authorized Cost	18,355,107
Additional Authorized Cost	-
Revised Authorized Cost	18,355,107
 Percentage Increase Over Original	
Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	2008
Revised Target Completion Date	N/A

ENTERPRISE FUND

EXHIBIT G-1

**NORTH HALEDON BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

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

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

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

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**NORTH HALEDON 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	\$ 51,124	\$ 13,773	\$ 64,897
Total Assets	<u>\$ 51,124</u>	<u>\$ 13,773</u>	<u>\$ 64,897</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 11,734	\$ 11,734
Accrued Salaries and Wages		2,039	2,039
Due to Student Groups	<u>\$ 51,124</u>	<u>-</u>	<u>51,124</u>
Total Liabilities	<u>\$ 51,124</u>	<u>\$ 13,773</u>	<u>\$ 64,897</u>

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

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**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>
High Mountain School	\$ 44,473	\$ 687,234	\$ 680,583	\$ 51,124
Total	<u>\$ 44,473</u>	<u>\$ 687,234</u>	<u>\$ 680,583</u>	<u>\$ 51,124</u>

NORTH HALEDON 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	\$ 11,377	\$ 2,413,850	\$ 2,413,493	\$ 11,734
Accrued Salaries and Wages	<u>1,641</u>	<u>3,464,513</u>	<u>3,464,115</u>	<u>2,039</u>
Total	<u>\$ 13,018</u>	<u>\$ 5,878,363</u>	<u>\$ 5,877,608</u>	<u>\$ 13,773</u>

LONG-TERM DEBT

NORTH HALEDON 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>		
General Improvements - 2005	1/15/2006	\$ 23,835,000	2/15/2012	\$ 650,000	4.25%						
			2/15/2013	685,000							
			2/15/2014	715,000							
			2/15/2015	750,000							
			2/15/2016	785,000							
			2/15/2017	820,000							
			2/15/2018	860,000							
			2/15/2019	900,000							
			2/15/2020	945,000							
			2/15/2021	990,000							
			2/15/2022	1,035,000							
			2/15/2023	1,085,000			4.375%				
			2/15/2024	1,140,000							
			2/15/2025	1,195,000							
			2/15/2026	1,250,000							
			2/15/2027	1,310,000							
			2/15/2028	1,370,000							
		2/15/2029	1,435,000								
		2/15/2030	1,505,000								
		2/15/2031	1,575,000								
						\$ 21,620,000		\$ -	\$ 620,000	\$ 21,000,000	
						\$ 21,620,000		\$ -	\$ 620,000	\$ 21,000,000	

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

NOT APPLICABLE

NORTH HALEDON BOARD OF EDUCATION
 LONG-TERM DEBT
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,422,681	-	\$ 1,422,681	\$ 1,422,681	-
Interest	-	-	-	-	-
Total Revenues	<u>1,422,681</u>	<u>-</u>	<u>1,422,681</u>	<u>1,422,681</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	620,000	-	620,000	620,000	-
Interest	933,681	-	933,681	933,681	-
Total Expenditures	<u>1,553,681</u>	<u>-</u>	<u>1,553,681</u>	<u>1,553,681</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(131,000)	-	(131,000)	(131,000)	-
Other Finance Sources Transfer Out	-	-	-	-	-
Net Change in Fund Balance	(131,000)	-	(131,000)	(131,000)	-
Fund Balance, Beginning of Year	<u>229,167</u>	<u>-</u>	<u>229,167</u>	<u>229,167</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 98,167</u>	<u>\$ -</u>	<u>\$ 98,167</u>	<u>\$ 98,167</u>	<u>\$ -</u>

STATISTICAL SECTION

This part of the North Haledon 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.

NORTH HALEDON BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
Governmental Activities							
Invested In Capital Assets, Net Of Related Debt	\$ 154,240	\$ 156,892	\$ 1,125,472	\$ 6,426,750	\$ 7,059,255	\$ 7,024,823	\$ 6,993,745
Restricted	103	486,637	990,285	875,431	600,270	229,270	98,270
Unrestricted	679,308	109,424	255,907	(138,175)	34,031	469,683	284,563
Total Governmental Activities Net Assets	\$ 833,651	\$ 752,933	\$ 2,371,664	\$ 7,164,006	\$ 7,693,556	\$ 7,723,776	\$ 7,376,578
Business-Type Activities							
Invested In Capital Assets, Net Of Related Debt	\$ 15,772	\$ 14,186	\$ 12,600	\$ 32,889	\$ 57,154	\$ 51,322	\$ 65,976
Restricted	87,745	102,909	121,579	127,829	124,442	158,140	73,719
Unrestricted	103,517	117,095	134,179	160,718	181,596	209,462	139,695
Total Business-Type Activities Net Assets	\$ 103,517	\$ 117,095	\$ 134,179	\$ 160,718	\$ 181,596	\$ 209,462	\$ 139,695
District-Wide							
Invested In Capital Assets, Net Of Related Debt	\$ 170,012	\$ 171,078	\$ 1,138,072	\$ 6,459,639	\$ 7,116,409	\$ 7,076,145	\$ 7,059,721
Restricted	103	486,637	990,285	875,431	600,270	229,270	98,270
Unrestricted	767,053	212,333	377,486	(10,346)	158,473	627,823	358,282
Total District Net Assets	\$ 937,168	\$ 870,048	\$ 2,505,843	\$ 7,324,724	\$ 7,875,152	\$ 7,933,238	\$ 7,516,273

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

NORTH HALEDON BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
Expenses							
Governmental Activities							
Instruction							
Regular	\$ 3,209,605	\$ 3,435,237	\$ 3,545,480	\$ 3,498,492	\$ 4,493,765	\$ 4,536,548	\$ 4,535,027
Special Education	1,381,174	1,601,360	1,829,284	1,966,009	1,752,199	1,887,519	2,016,580
Other Instruction	144,381	141,779	206,673	238,398	167,480	168,557	193,059
School Sponsored Activities and Athletics	26,963	22,493	40,595	28,033	29,019	50,895	29,543
Support Services:							
Tuition							
Student & Instruction Related Services	654,690	663,008	688,405	857,646	835,291	879,123	1,128,038
School Administrative Services	191,381	237,324	251,005	132,956	238,083	253,493	267,744
General Administration	297,388	363,609	347,857	390,900	366,254	337,125	434,950
Plant Operations And Maintenance	486,423	489,666	756,298	610,094	742,729	737,769	765,954
Pupil Transportation	351,611	387,194	482,507	529,472	450,771	406,767	369,401
Other Support Services	206,637	210,781	-	229,766	249,665	285,569	207,851
Interest On Long-Term Debt	6,562	453,083	1,041,286	997,326	973,977	949,486	923,799
Arbitrage Rebate				300,907			
Total Governmental Activities Expenses	<u>6,956,815</u>	<u>8,005,534</u>	<u>9,189,390</u>	<u>9,779,999</u>	<u>10,299,233</u>	<u>10,492,851</u>	<u>10,871,946</u>
Business-Type Activities:							
Food Service	98,510	126,562	124,798	127,424	163,463	175,031	267,264
Total Business-Type Activities Expense	<u>98,510</u>	<u>126,562</u>	<u>124,798</u>	<u>127,424</u>	<u>163,463</u>	<u>175,031</u>	<u>267,264</u>
Total District Expenses	<u>\$ 7,055,325</u>	<u>\$ 8,132,096</u>	<u>\$ 9,314,188</u>	<u>\$ 9,907,423</u>	<u>\$ 10,462,696</u>	<u>\$ 10,667,882</u>	<u>\$ 11,139,210</u>
Program Revenues							
Governmental Activities:							
Charges For Services:							
Special Education	\$ 38,000	\$ 45,100	\$ 20,500	\$ 2,151			
Transportation							\$ 16,273
Operating Grants And Contributions	1,116,645	1,195,113	1,542,778	1,513,382	\$ 1,306,000	\$ 1,542,717	1,140,296
Capital Grants And Contributions	-	32,536	650,728	4,555,092	976,091		148,304
Total Governmental Activities Program Revenues	<u>1,154,645</u>	<u>1,272,749</u>	<u>2,214,006</u>	<u>6,070,625</u>	<u>2,282,091</u>	<u>1,542,717</u>	<u>1,304,873</u>
Business-Type Activities:							
Charges For Services							
Food Service	112,856	115,317	116,794	123,053	146,562	150,962	143,974
Operating Grants And Contributions	23,852	24,823	25,088	30,910	37,779	51,482	53,035
Total Business-Type Activities Program Revenues	<u>136,708</u>	<u>140,140</u>	<u>141,882</u>	<u>153,963</u>	<u>184,341</u>	<u>202,444</u>	<u>197,009</u>
Total District Program Revenues	<u>\$ 1,291,353</u>	<u>\$ 1,412,889</u>	<u>\$ 2,355,888</u>	<u>\$ 6,224,588</u>	<u>\$ 2,466,432</u>	<u>\$ 1,745,161</u>	<u>\$ 1,501,882</u>
Net (Expense)/Revenue							
Governmental Activities	\$ (5,802,170)	\$ (6,732,785)	\$ (6,975,384)	\$ (3,709,374)	\$ (8,017,142)	\$ (8,950,134)	\$ (9,567,073)
Business-Type Activities	38,198	13,578	17,084	26,539	20,878	27,413	(70,255)
Total District-Wide Net Expense	<u>\$ (5,763,972)</u>	<u>\$ (6,719,207)</u>	<u>\$ (6,958,300)</u>	<u>\$ (3,682,835)</u>	<u>\$ (7,996,264)</u>	<u>\$ (8,922,721)</u>	<u>\$ (9,637,328)</u>
General Revenues And Other Changes In Net Assets							
Governmental Activities:							
Property Taxes Levied For General Purposes, Net	\$ 5,902,945	\$ 6,036,742	\$ 7,477,461	\$ 8,184,427	\$ 8,512,052	\$ 8,892,469	\$ 9,190,961
Taxes Levied For Debt Service							
Unrestricted Grants And Contributions	75,970	76,667	77,481	75,709	4,547	48,778	11,259
Investment Earnings	6,443	508,771	1,032,657	241,097	24,025	6,370	5,070
Miscellaneous Income	12,300	29,907	6,496	483	6,068	32,737	12,585
Transfers	-	-	-	-	-	-	-
Total Governmental Activities	<u>5,997,658</u>	<u>6,652,087</u>	<u>8,594,095</u>	<u>8,501,716</u>	<u>8,546,692</u>	<u>8,980,354</u>	<u>9,219,875</u>
Business-Type Activities:							
Investment Earnings						453	488
Transfers	-	-	-	-	-	-	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>453</u>	<u>488</u>
Total District-Wide	<u>\$ 5,997,658</u>	<u>\$ 6,652,087</u>	<u>\$ 8,594,095</u>	<u>\$ 8,501,716</u>	<u>\$ 8,546,692</u>	<u>\$ 8,980,807</u>	<u>\$ 9,220,363</u>
Change In Net Assets							
Governmental Activities	\$ 195,488	\$ (80,698)	\$ 1,618,711	\$ 4,792,342	\$ 529,550	\$ 30,220	\$ (347,198)
Business-Type Activities	38,198	13,578	17,084	26,539	20,878	27,866	(69,767)
Total District	<u>\$ 233,686</u>	<u>\$ (67,120)</u>	<u>\$ 1,635,795</u>	<u>\$ 4,818,881</u>	<u>\$ 550,428</u>	<u>\$ 58,086</u>	<u>\$ (416,965)</u>

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

**NORTH HALEDON BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS**
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Fund							
Restricted							\$ 262,326
Committed	\$ 607,001	\$ 587,912	\$ 397,910	\$ 85,028	\$ 228,852	\$ 241,535	94,227
Assigned	175,087	114,021	208,996	272,568	307,410	702,655	270,519
Unassigned							
Reserved							
Unreserved							
Total General Fund	<u>\$ 782,088</u>	<u>\$ 701,933</u>	<u>\$ 606,906</u>	<u>\$ 357,596</u>	<u>\$ 536,262</u>	<u>\$ 944,190</u>	<u>\$ 627,072</u>
All Other Governmental Funds							
Restricted							\$ 55,797
Committed							98,167
Assigned							
Unassigned							
Reserved							
Unreserved							
Total All Other Governmental Funds	<u>\$ (626)</u>	<u>\$ 1,046,439</u>	<u>\$ 12,710,424</u>	<u>\$ 1,678,903</u>	<u>\$ 609,958</u>	<u>\$ 179,618</u>	<u>\$ 153,964</u>
	<u>\$ (626)</u>	<u>\$ 21,726,586</u>	<u>\$ (2,008,586)</u>	<u>\$ 463,300</u>	<u>\$ 487,052</u>	<u>\$ 73,520</u>	<u>\$ 253,138</u>
	<u>\$ (626)</u>	<u>\$ 22,773,025</u>	<u>\$ 10,701,838</u>	<u>\$ 2,142,203</u>	<u>\$ 1,097,010</u>	<u>\$ 253,138</u>	<u>\$ 153,964</u>

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 seven 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.

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

Fiscal Year Ended June 30,

	2005	2006	2007	2008	2009	2010	2011
Revenues							
Tax Levy	\$ 5,902,945	\$ 6,036,742	\$ 7,477,461	\$ 8,184,427	\$ 8,512,052	\$ 8,892,469	\$ 9,190,961
Tuition Charges	38,000	45,100	20,500	2,151			
Transportation Charges							16,273
Interest Earnings	6,443	508,771	1,032,657	241,097	24,025	6,371	5,070
Miscellaneous	12,300	29,907	6,496	483	6,068	32,737	12,585
State Sources	970,828	1,099,142	2,024,305	5,961,092	2,108,390	1,272,139	1,063,277
Federal Sources	221,787	205,174	246,682	183,091	178,248	319,356	236,582
Total Revenue	7,152,303	7,924,836	10,808,101	14,572,341	10,828,783	10,523,072	10,524,748
Expenditures							
Instruction							
Regular Instruction	3,160,500	3,338,103	3,489,716	3,497,653	3,643,226	3,895,504	3,883,305
Special Education Instruction	1,378,478	1,277,733	1,833,473	1,963,907	1,745,097	1,893,782	2,018,014
Other Special Instruction	144,381	144,432	206,673	238,398	167,480	168,557	193,059
School-Sponsored Activities and Athletics	26,963	22,493	40,595	28,033	29,019	31,830	29,543
Support Services:							
Student & Inst. Related Services	651,781	977,930	686,598	857,201	819,360	886,950	1,111,794
General Administration	301,998	359,064	348,229	389,888	356,812	322,066	426,866
School Administrative Services	183,515	226,270	245,228	131,870	224,808	244,100	259,982
Plant Operations And Maintenance	479,281	480,339	754,154	608,997	717,977	741,421	738,377
Pupil Transportation	351,611	387,194	482,507	529,472	447,334	384,592	365,964
Other Support Services	199,101	207,638		228,738	249,566	279,110	223,998
Capital Outlay	8,218	1,520,179	13,197,097	13,060,290	1,746,649	557,135	136,458
Debt Service:							
Principal	60,000	60,000	575,000	540,000	565,000	595,000	620,000
Interest And Other Charges	7,875	4,725	1,115,045	1,306,839	982,982	958,969	933,681
Bond Issuance Cost		60,240					
Total Expenditures	6,953,702	9,066,340	22,974,315	23,381,286	11,695,310	10,959,016	10,941,041
Excess (Deficiency) Of Revenues							
Over (Under) Expenditures	198,601	(1,141,504)	(12,166,214)	(8,808,945)	(866,527)	(435,944)	(416,293)
Other Financing Sources (Uses)							
Bond Proceeds		23,835,000					
Approved Budget Transfer In					160,180		
Approved Budget Transfer Out					(160,180)		
Transfers In		486,534	990,182	214,519	16,019	242,971	774
Transfers Out	-	(486,534)	(990,182)	(214,519)	(16,019)	(242,971)	(774)
Total Other Financing Sources (Uses)	-	23,835,000	-	-	-	-	-
Net Change In Fund Balances	198,601	\$ 22,693,496	\$ (12,166,214)	\$ (8,808,945)	\$ (866,527)	\$ (435,944)	\$ (416,293)
Debt Service As A Percentage Of							
Noncapital Expenditures	0.98%	0.86%	17.29%	21.78%	21.78%	17.56%	16.79%

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

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

Fiscal Year Ended <u>June 30.</u>	<u>Tuition</u>	<u>Tranportation</u>	<u>Interest on Invest.</u>	<u>Refunds</u>	<u>Misc.</u>	<u>Total</u>
2002	\$ 108,300		\$ 2,736		\$ 18,136	\$ 129,172
2003	36,000		1,445	\$ 5,258	11,330	54,033
2004	54,000		3,056	5,730	39,481	102,267
2005	38,000		6,443		12,300	56,743
2006	45,100		22,237		29,907	97,244
2007	20,500		42,475		6,496	69,471
2008	2,151		26,578		483	29,212
2009	-		8,006		6,068	14,074
2010	-		3,400		32,737	36,137
2011	-	\$ 16,273	4,296		12,585	33,154

NORTH HALEDON BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2002	\$ 6,527,600	\$ 333,207,700	\$ 354,800	\$ 11,800	\$ 17,496,700	\$ 2,199,600	N/A	\$ 359,798,200	\$ 445,487	\$ 360,243,687	\$ 725,260,555	\$ 1.40
2003	8,429,700	335,081,200	354,800	11,800	17,079,700	2,199,600	N/A	363,156,800	457,124	363,613,924	793,722,305	1.51
2004	21,441,800	349,277,400	354,800	11,800	17,089,100	2,147,700	N/A	390,322,600	442,073	390,764,673	968,024,126	1.51
2005	13,246,700	378,280,700	354,800	11,800	17,223,800	2,147,700	N/A	411,267,500	366,953	411,634,453	1,158,540,707	1.47
2006	4,255,000	413,740,400	224,800	11,800	17,074,200	2,147,700	N/A	437,451,400	407,893	437,859,293	1,489,799,091	1.71
2007	3,721,600	418,440,600	224,800	9,300	16,998,300	2,147,000	N/A	441,542,300	407,893	441,950,193	1,489,799,091	1.85
2008	3,379,000	422,150,200	224,800	9,300	17,270,300	2,147,700	N/A	445,181,300	393,097	445,574,397	1,574,584,398	1.91
2009	3,204,600	424,852,600	224,800	9,300	18,123,600	2,147,700	N/A	448,562,600	412,748	448,975,348	1,590,496,406	1.98
2010	2,618,100	418,423,900	224,800	9,300	17,729,600	2,147,700	N/A	441,153,400	432,330	441,585,730	1,492,140,716	2.08
2011	2,553,400	419,383,900	224,800	9,300	17,734,900	2,147,700	N/A	442,054,000	371,880	442,425,880	1,417,911,637	2.14

Source: County Abstract of Ratables

^a Tax rates are per \$100

**NORTH HALEDON BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(UNAUDITED)**

<u>Calendar Year</u>	<u>North Haledon School District</u>	<u>Manchester School District</u>	<u>North Haledon Borough</u>	<u>Passaic County</u>	<u>Total</u>
2002	\$ 1.40	\$ 0.86	\$ 1.32	\$ 1.23	\$ 4.81
2003	1.51	0.90	1.37	1.27	5.05
2004	1.51	0.80	1.35	1.38	5.04
2005	1.47	0.73	1.48	1.48	5.16
2006	1.71	0.79	1.52	1.64	5.66
2007	1.85	0.73	1.55	1.67	5.80
2008	1.91	0.64	1.73	1.79	6.07
2009	1.98	0.64	1.80	1.79	6.21
2010	2.08	0.66	1.99	1.80	6.53
2011	2.14	0.66	2.01	1.85	6.66

Source: Tax Duplicate

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

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
High Mountain Realty/Kennedy	\$ 2,499,500	0.56%		
535 Associates, LLC	1,622,200	0.37%		
1243 Belmont Ave. Corp.	1,360,100	0.31%		
Sicomac Realty LLC & Rosehall Rlty LLC	1,350,900	0.31%		
Hofer Heights	1,201,600	0.27%		
Tannis, William Sr.	1,017,700	0.23%		
High Mountain Realty Group, LLC	976,700	0.22%		
Rainmaker Capital of No. Haledon, LLC	903,200	0.20%		
NJTT Realty LLC	722,200	0.16%		
Overlook Properties LLC	615,300	0.14%		
India Quarry			\$ 1,833,100	0.51%
Shotmeyer/Kennedy			1,646,200	0.46%
Danza Group VII			1,512,800	0.42%
Mountain Center Realty			1,450,900	0.40%
1243 Belmont Ave Corp.			1,360,100	0.38%
Hofer Heights			1,201,600	0.33%
High Mountain Plaza, LLC			1,197,000	0.33%
William Tanis			1,188,000	0.33%
Ideal Industrial Pk.			807,800	0.22%
NJTT, LLC			774,100	0.21%
	<u>\$ 12,269,400</u>	<u>2.77%</u>	<u>\$ 12,971,600</u>	<u>3.59%</u>

Source - Municipal Tax Assessor

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

Fiscal Year Ended June 30,	School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 4,605,730	\$ 4,605,730	100.00%	-
2003	5,052,142	5,052,142	100.00%	-
2004	5,482,126	5,482,126	100.00%	-
2005	5,902,945	5,902,945	100.00%	-
2006	6,036,742	6,036,742	100.00%	-
2007	7,477,461	7,477,461	100.00%	-
2008	8,184,427	8,184,427	100.00%	-
2009	8,512,052	8,512,052	100.00%	-
2010	8,892,469	8,892,469	100.00%	-
2011	9,190,961	9,190,961	100.00%	-

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Population	
2005	\$ 120,000	N/A	N/A	N/A	N/A	\$ 120,000	8,893	\$ 13
2006	23,895,000	N/A	N/A	N/A	N/A	23,895,000	8,864	2,696
2007	23,320,000	N/A	N/A	N/A	N/A	23,320,000	8,843	2,570
2008	22,780,000	N/A	N/A	N/A	N/A	22,780,000	8,851	2,574
2009	22,215,000	N/A	N/A	N/A	N/A	22,215,000	8,897	2,497
2010	21,620,000	N/A	N/A	N/A	N/A	21,620,000	8,897 *	2,430
2011	21,000,000	N/A	N/A	N/A	N/A	21,000,000	8,897 *	2,360

Source: District records

* 2010 population data was not available

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.

**NORTH HALEDON BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS
(Unaudited)**

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2005	\$ 120,000		\$ 120,000	0.03%	\$ 13
2006	23,895,000		23,895,000	5.46%	2,681
2007	23,320,000		23,320,000	5.32%	2,570
2008	22,780,000		22,780,000	5.11%	2,574
2009	22,215,000		22,215,000	4.95%	2,497
2010	21,620,000		21,620,000	4.90%	2,430
2011	21,000,000		21,000,000	4.75%	2,360

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

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.

**NORTH HALEDON BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt:			
Borough of North Haledon	\$ 14,191,544	\$ 89,135	\$ 14,102,409
North Haledone Board of Education	<u>21,620,000</u>	<u>21,620,000</u>	<u>-</u>
	<u>\$ 35,811,544</u>	<u>\$ 21,709,135</u>	<u>\$ 14,102,409</u>
 Net Overlapping Debt of School District:			
County of Passaic		9,875,744	
PCUA		1,669,502	
PVSC		<u>898,793</u>	
			<u>12,444,039</u>
 Total Direct and Overlapping Bonded Debt as of December 31, 2010			<u>\$ 26,546,448</u>

Source: 2010 Debt Statement, Borough of North Haledon

NORTH HALEDON BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized Valuation Basis	
2010	\$ 1,412,594,941
2009	1,491,727,968
2008	1,578,097,483
	<u>\$ 4,482,420,392</u>

Average equalized valuation of taxable property	\$ 1,494,140,131
Debt limit (3% of average equalization value)	44,824,204 ^a
Total Net Debt Applicable to Limit	21,000,283
Legal debt margin	<u>23,823,921</u>

Fiscal Year

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 18,200,405	\$ 19,725,653	\$ 21,547,354	\$ 24,047,338	\$ 27,853,594	\$ 32,814,365	\$ 38,545,930	\$ 43,167,259	\$ 46,128,175	\$ 46,313,490	\$ 44,824,204
Total net debt applicable to limit	443,000	343,000	235,000	180,000	120,000	23,895,283	23,320,000	22,780,283	22,215,283	21,620,283	21,000,283
Legal debt margin	\$ 17,757,405	\$ 19,382,653	\$ 21,312,354	\$ 23,867,338	\$ 27,733,594	\$ 8,919,082	\$ 15,225,930	\$ 20,386,976	\$ 23,912,892	\$ 24,693,207	\$ 23,823,921
Total net debt applicable to the limit as a percentage of debt limit	2.43%	1.74%	1.09%	0.75%	0.43%	72.82%	60.5%	52.8%	48.2%	46.7%	46.9%

**NORTH HALEDON BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	7,973	\$ 32,313	5.3%
2003	8,234	32,807	5.5%
2004	8,638	33,721	4.2%
2005	8,893	35,699	2.5%
2006	8,864	38,392	2.5%
2007	8,843	40,845	2.4%
2008	8,851	41,756	3.1%
2009	8,897	40,436	6.1%
2010	N/A	N/A	6.2%
2011	N/A	N/A	N/A

Source: New Jersey State Department of Education

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

PRIOR YEAR INFORMATION NOT AVAILABLE

**NORTH HALEDON BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST THREE FISCAL YEARS
(Unaudited)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction			
Regular	42	43	43
Special Education	13.5	14.5	15.2
Other Special Education	7.5	9.5	9.5
Vocational	-	-	-
Other Instruction	-	-	-
Non Public School Program	-	-	-
Adult/Continuing Education	-	-	-
Support Services			
Student & Instruction Related	4	4	4
General Administration	1	1	1
School Administrative Services	4	4	4
Other Administrative Services	-	-	-
Central Services	2	2	2
Administrative Technology	-	-	-
Plant & Operation Maintenance	6.5	7.5	6.7
Other Support Services	3	3	3
Transportation	<u>1</u>	<u>1</u>	<u>1</u>
Total	<u>84.50</u>	<u>89.50</u>	<u>89.10</u>

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio				Senior High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School							
2002	572.9	\$ 5,461,959	\$ 9,554	6.45%	59	8	8	8	N/A	572.9	548.8	0.24%	95.79%	
2003	570.4	5,784,045	10,140	6.36%	57	8	8	8	N/A	570.4	546.8	-0.44%	95.86%	
2004	611.4	6,305,835	10,314	1.71%	59	8	8	8	N/A	611.4	588.3	7.19%	96.22%	
2005	642.7	6,877,609	10,701	3.76%	58	8	8	8	N/A	642.7	617.7	5.12%	96.11%	
2006	667.7	7,421,196	11,115	3.86%	72.5	8	8	8	N/A	667.7	640.1	3.89%	95.87%	
2007	665.3	8,087,173	12,156	9.37%	72.5	8	8	8	N/A	665.3	640.1	-0.36%	96.21%	
2008	693.4	8,474,157	12,220	.52%	72.5	8	8	8	N/A	693.4	668.7	4.22%	96.44%	
2009	693.5	8,400,679	12,113	-0.87%	70.0	8	8	8	N/A	693.5	670.7	0.01%	96.71%	
2010	711.8	8,847,912	12,450	2.62%	74.0	8	8	8	N/A	711.8	683.8	2.64%	96.07%	
2011	702.0	9,250,902	13,178	6.02%	74.4	8	8	8	N/A	702.0	676.9	-1.38%	96.42%	

Sources: District records

Note: a Enrollment based on annual October district count.
 b Operating expenditures equal total expenditures less debt service and capital outlay.
 c Cost per pupil represents operating expenditures divided by enrollment.

**NORTH HALEDON BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

INFORMATION NOT AVAILABLE

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

UNDISTRIBUTED EXPENDITURES – REQUIRED
REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXXX

School Facilities	Project #(s)	<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>
High Mountain School	N/A	\$ 30,380	\$ 24,754	\$ 30,318	\$ 34,737	\$ 34,424	\$ 36,949	\$ 31,109	\$ 40,164	\$ 47,398	\$ 47,902
Memorial School	N/A	26,436	32,150	46,578	33,457	32,085	34,439	33,430	36,733	44,434	46,010
Total Facilities		<u>56,816</u>	<u>56,904</u>	<u>76,896</u>	<u>68,194</u>	<u>66,509</u>	<u>71,388</u>	<u>64,539</u>	<u>76,897</u>	<u>91,832</u>	<u>93,912</u>
Grand Total		<u>\$ 56,816</u>	<u>\$ 56,904</u>	<u>\$ 76,896</u>	<u>\$ 68,194</u>	<u>\$ 66,509</u>	<u>\$ 71,388</u>	<u>\$ 64,539</u>	<u>\$ 76,897</u>	<u>\$ 91,832</u>	<u>\$ 93,912</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.

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - General Security Property - Blanket Building & Contents	\$55,311,000	\$5,000
Comprehensive General Liability	1,000,000	
Comprehensive Automobile	1,000,000	1,000
Liability		
Comprehensive Crime Coverage	550,000	6,000
Boiler and Machinery	100,000,000	1,000
Umbrella Liability		
Umbrella Policy	9,000,000	10,000
School Board Legal Liability	1,000,000	7,500
Public Employees' Faithful Performance Blanket		
Position Bond - Western Surety		
Treasurer	200,000	
Business Administrator	100,000	
Student Accident	100,000	

Source School District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, CPA

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

Honorable President and Members
of the Board of Trustees
North Haledon Board of Education
North Haledon, 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 North Haledon Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the North Haledon Board of Education's basic financial statements and have issued our report thereon dated October 12, 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 North Haledon Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the North Haledon 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 North Haledon Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the North Haledon 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 North Haledon Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

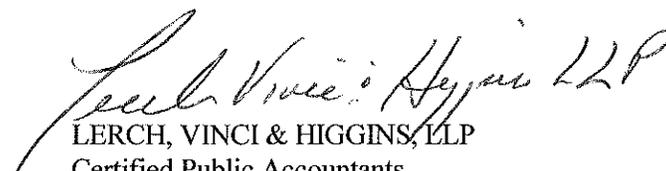
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

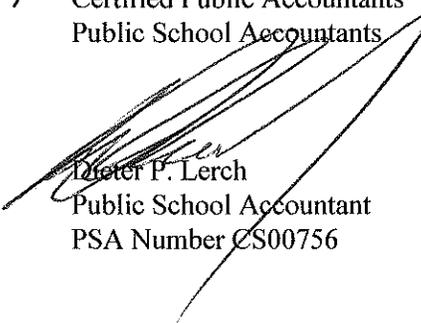
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the North Haledon 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 North Haledon Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 12, 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 state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
October 12, 2011

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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

Independent Auditor's Report

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

Compliance

We have audited the North Haledon 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 North Haledon Board of Education's major state programs for the fiscal year ended June 30, 2011. North Haledon 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 North Haledon Board of Education's management. Our responsibility is to express an opinion on North Haledon 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 state program occurred. An audit includes examining, on a test basis, evidence about North Haledon 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 North Haledon Board of Education's compliance with those requirements.

In our opinion, North Haledon 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.

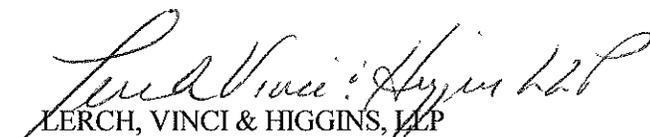
Internal Control Over Compliance

Management of North Haledon 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 North Haledon 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.

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 state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
October 12, 2011

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	(Accounts Receivable)	Balance, June 30, 2011 Due to Grantor
U.S. Department of Agriculture Passed-Through State Department of Education										
<u>Enterprise Fund</u>										
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	\$ 9,041			\$ 9,041	\$ 9,041		
Non-Cash Assistance (Food Distribution Program)		N/A	7/1/10-6/30/11	41,411			37,973	41,411	(3,438)	
Cash Assistance		N/A	7/1/09-6/30/10	39,827	(3,705)		3,705			
Cash Assistance		N/A	7/1/10-6/30/11	69			63	69	(6)	
Special Milk Program	10.556	N/A	7/1/09-6/30/10	75	(8)		8			
Special Milk Program	10.556	N/A								
Total Enterprise Fund				50,790	(3,713)	-	50,790	50,521	(3,444)	-
U.S. Department of Education Passed-Through State Department of Education										
<u>Special Revenue Fund</u>										
N.C.L.B Title I-A	84.01	NCLB364009	9/1/10-8/31/11	39,030			37,830	39,030	(1,200)	
N.C.L.B Title I, C/O	84.01	NCLB364010	9/1/09-8/31/10	18,780	(11,003)		11,003			
N.C.L.B Title II-A	84.281A	NCLB364009	9/1/10-8/31/11	21,424			7,575	21,424	(13,849)	
N.C.L.B Title II-A, C/O	84.281A	NCLB364010	9/1/09-8/31/10	21,734	(4,887)		4,887			
N.C.L.B Title II-D	84.281D	NCLB364009	9/1/10-8/31/11	81				81	(81)	
N.C.L.B Title II-D, C/O	84.281D	NCLB364010	9/1/09-8/31/10	192	(142)		142			
N.C.L.B Title IV, C/O	84.186	NCLB364010	9/1/09-8/31/10	1,958	(1,459)		1,459			
I.D.E.A./A.R.R.A. Basic, C/O	84.391	ARRA364010	9/1/09-8/31/11	145,882	(9,924)		20,867	10,943		
I.D.E.A./A.R.R.A. Preschool, C/O	84.392	ARRA364010	9/1/09-8/31/11	5,275	(57)		360	303		
I.D.E.A. Part B, Basic	84.027A	IDEA364010	9/1/10-8/31/11	149,818			138,335	149,818	(11,483)	
I.D.E.A. Part B, Preschool	84.173A	IDEA364010	9/1/10-8/31/11	8,287			7,752	8,287	(535)	
Total Special Revenue Fund				230,210	(27,472)	-	230,210	229,886	(27,148)	-
Total Federal Awards				\$ 281,000	\$ (31,185)	\$ -	\$ 281,000	\$ 280,407	\$ (30,592)	\$ -

Note - The District was not subject to an audit in accordance with OMB Circular A-133.

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2010	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2011		Cumulative Total Expenditures	
									(Accounts Receivable)	Deferred Revenue		Due to Grantor
MEMO												
General Fund												
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	\$ 121,064	\$ (11,259)		\$ 11,259						
Special Education Categorical Aid	10-495-034-5120-011	7/1/09-6/30/10	358,286	(32,799)		32,799						
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	120,364			120,364	\$ (95)				\$ 120,364	
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	55,558	(4,895)		4,895						
Extraordinary Aid	10-495-034-5120-044	7/1/09-6/30/10	73,405	(73,405)		73,405						
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	90,963				90,963				90,963	
Additional NonPublic Transportation Aid	N/A	7/1/09-6/30/10	13,026	(13,026)		13,026						
Additional NonPublic Transportation Aid	N/A	7/1/10-6/30/11	20,614				20,614			\$ (20,614)	20,614	
On-Behalf TPAF Pension Contribution	11-495-034-5095-006	7/1/10-6/30/11	12,988			12,988					12,988	
On-Behalf Post Retirement Medical	11-495-034-5095-001	7/1/10-6/30/11	275,872			275,872					275,872	
Reimbursed TPAF Soc. Sec. Contr.	11-100-034-5095-051	7/1/10-6/30/11	329,064			329,064					329,064	
Total General Fund				(135,384)		873,577	849,865			(111,672)	(20,614)	849,865
Special Revenue Fund												
NJ Nonpublic Aid			37			37				\$ 37		
Home Instruction	N/A	7/1/10-6/30/11										
Auxiliary Services												
Compensatory Education, C/O	10-100-034-5120-067	7/1/09-6/30/10	15,547	5,782		33,072	24,113	\$ 5,782				24,113
Compensatory Education	11-100-034-5120-067	7/1/10-06/30/11	33,072									
Handicapped Services												
Initial Exam. & Classification, C/O	10-100-034-5120-066	7/1/09-6/30/10	7,672	1,286				1,286				
Annual Exam. & Classification, C/O	10-100-034-5120-066	7/1/09-6/30/10	2,199	2,199				2,199				
Examination & Classification	11-100-034-5120-066	7/1/10-06/30/11	10,523			10,523	5,421					5,421
Corrective Speech, C/O	10-100-034-5120-066	7/1/09-6/30/10	2,152	2,152				2,152				
Corrective Speech	11-100-034-5120-066	7/1/10-06/30/11	3,912			3,912	313					313
Supplemental Instruction, C/O	10-100-034-5120-066	7/1/09-6/30/10	4,301	1,387		9,380	3,961	1,387				3,961
Supplemental Instruction	11-100-034-5120-066	7/1/10-06/30/11	9,380									
Total Special Revenue Fund				12,806		56,924	33,808	12,806		37		33,808
State Department of Agriculture												
State School Lunch Program	10-100-010-3360-067	7/1/09-6/30/10	2,976	(276)		276						
State School Lunch Program	11-100-010-3360-067	7/1/10-6/30/11	2,514			2,514				(238)		2,514
Total Enterprise Fund				(276)		2,552	2,514			(238)		2,514
Capital Projects												
Educational Facilities Construction and Financing Act	SP#3640-050-05-1000	7/1/05-6/30/06	3,211,640							(144,524)		
Educational Facilities Construction and Financing Act	SP#3640-060-05-1000	7/1/05-6/30/06	3,295,635			148,304	148,304					148,304
Total State Financial Assistance				(122,854)		1,081,357	1,034,491	12,806		(256,434)	144,561	\$ 1,034,491
State Financial Assistance Not Subject to Single Audit Determination												
General Fund												
On-Behalf TPAF												
Total State Financial Assistance Subject to Single Audit						792,497	745,631					\$ 745,631

**NORTH HALEDON 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 North Haledon Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$31,300 for the general fund and an increase of \$6,696 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 881,165	\$ 881,165
Special Revenue Fund	\$ 236,582	33,808	270,390
Capital Projects Fund		148,304	148,304
Food Service Fund	<u>50,521</u>	<u>2,514</u>	<u>53,035</u>
Total Financial Assistance	<u>\$ 287,103</u>	<u>\$ 1,065,791</u>	<u>\$ 1,352,894</u>

**NORTH HALEDON 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

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$329,064 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 NCGI Premium Contributions in the amount of \$12,988 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$275,872 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011. The School Development Authority's ("SDA") Educational Facilities Construction and Financing Act on-behalf payments totaling \$148,304 represent the amounts paid by SDA on behalf of the District for the facility project expenditures 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 NCGI Premiums and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

**NORTH HALEDON 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

- | | |
|---|--------------------------------------|
| A) Type of auditors' report issued: | <u>Unqualified Opinion</u> |
| B) Internal control over financial reporting: | |
| 1) Material weakness(es) identified? | _____ yes <u> X </u> no |
| 2) Were significant deficiencies identified that were not considered to be material weaknesses? | _____ yes <u> X </u> none reported |
| C) Noncompliance material to the basic financial statements noted? | _____ yes <u> X </u> no |

Federal Awards Section

Not Applicable

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

Part I – Summary of Auditor’s Results

State Awards Section

- J) Dollar threshold used to distinguish Type A and Type B programs: \$ 300,000
- K) Auditee qualified as low-risk auditee? X yes no
- L) Type of auditors' report on compliance for major programs: Unqualified opinion
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X no
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? yes X no
- O) Identification of major programs:

GMIS Number(s)	Name of State Program
<u>11-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>11-495-034-5095-051</u>	<u>TPAF Social Security</u>
<u> </u>	<u> </u>

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

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**NORTH HALEDON 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

CURRENT YEAR STATE AWARDS

There are none.

**NORTH HALEDON BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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

There were none.