

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

Old Tappan, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Old Tappan Board of Education

Old Tappan, New Jersey

For The Fiscal Year Ended June 30, 2011

Prepared by

Business Office

**OLD TAPPAN BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

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

FINANCIAL SECTION

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

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	3-9
--------------------------------------	-----

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Assets	10
A-2 Statement of Activities	11

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	12
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	13
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances With the District-Wide Statements	14

Proprietary Funds

B-4 Statement of Net Assets	15
B-5 Statement of Revenues, Expenses, and Changes in Net Assets	16
B-6 Statement of Cash Flows	17

Fiduciary Funds

B-7 Statement of Fiduciary Net Assets	18
B-8 Statement of Changes in Fiduciary Net Assets	19

Notes to the Basic Financial Statements	20-40
--	--------------

**OLD TAPPAN BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	41-46
C-2	Budgetary Comparison Schedule – Special Revenue Fund	47
C-3	Notes to the Required Supplementary Information	48

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	49
-----	---	----

F. Capital Projects Fund – Not Applicable

G. Proprietary Funds

Enterprise Fund

G-1	Combining Statement of Net Assets – Not Applicable	50
G-2	Combining Statement of Revenues, Expenses and Changes in Net Assets – Not Applicable	50
G-3	Combining Statement of Cash Flows – Not Applicable	50

H. Fiduciary Funds

H-1	Combining Statement of Net Assets	51
H-2	Combining Statement of Changes in Net Assets – Not Applicable	52
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	52
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	53

I. Long-Term Debt

I-1	Schedule of Serial Bonds	54
I-2	Schedule of Obligations under Capital Leases – Not Applicable	55
I-3	Debt Service Fund Budgetary Comparison Schedule	56

**OLD TAPPAN BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

J. STATISTICAL SECTION (Unaudited)

Financial Trends

J-1	Net Assets by Component	57
J-2	Changes in Net Assets	58
J-3	Fund Balances – Governmental Funds	59
J-4	Changes in Fund Balances – Governmental Funds	60
J-5	General Fund Other Local Revenue by Source	61

Revenue Capacity

J-6	Assessed Value and Actual Value of Taxable Property	62
J-7	Property Tax Rates	63
J-8	Principal Property Taxpayers	64
J-9	Property Tax Levies and Collections	65

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	66
J-11	Ratios of Net General Bonded Debt Outstanding	67
J-12	Computation of Direct and Overlapping Outstanding Bonded Debt	68
J-13	Legal Debt Margin Information	69

Demographic and Economic Information

J-14	Demographic Statistics	70
J-15	Principal Employers	71

Operating Information

J-16	Full-Time Equivalent District Employees by Function/Program	72
J-17	Operating Statistics	73
J-18	School Building Information	74
J-19	Schedule of Required Maintenance Expenditures for School Facilities	75
J-20	Schedule of Insurance	76

K. SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	77-78
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	79-80
K-3	Schedule of Expenditures of Federal Awards	81
K-4	Schedule of Expenditures of State Financial Assistance	82
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	83-84
K-6	Schedule of Findings and Questioned Costs	85-88
K-7	Summary Schedule of Prior Year Findings	89

INTRODUCTORY SECTION

Old Tappan Board of Education

BUSINESS ADMINISTRATOR / BOARD SECRETARY

November 22, 2011

Honorable President and
Members of the Board of Education
Old Tappan Board of Education
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Old Tappan Board of Education (the "Board") for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 04-04 OMB, "Single Auditor Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

The Old Tappan Board of Education is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Old Tappan 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 and special education. The District completed the 2010-2011 fiscal year with an average daily enrollment of 820.9 students, which is a 5.83% decrease from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010-11	820.9	(5.83)%
2009-10	871.7	1.27%
2008-09	860.7	(0.73)%
2007-08	867.0	(1.31)%
2006-07	878.5	2.75
2005-06	855.0	4.10
2004-05	821.3	0.61
2003-04	816.3	0.91
2002-03	808.9	1.90
2001-02	794.1	5.50

2) ECONOMIC CONDITION AND OUTLOOK:

The Borough of Old Tappan comprises a land area of 3.2 square miles and is located in the northeastern part of Bergen County. In September 2005, a demographic study was conducted by Whitehall Associates, Inc. which projected residential development in the community as well as turnover of existing dwellings. Due to the current economic conditions the District enrollment has decreased.

3) MAJOR INITIATIVES:

The District's major goals and initiatives for the 2010-11 school year were:

Goal 1: To ensure continued improvement in the area of student achievement for all learners with a focus on students scoring partially proficient on the 2010 NJ ASK test.

Goal 2- To strengthen the differentiated instruction program for all students with an emphasis on the review, and possible revision, of the teacher supervision, evaluation, and staff development process to improve each teacher's effectiveness at delivering differentiated instruction.

Goal 3- To ensure open, on-going, and effective communication among all members of the community.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

As part of the Board'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 Board 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 borough. 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. All open encumbrances at year-end were canceled.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

8) CASH MANAGEMENT:

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

9) RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the Northeast Bergen School Board Insurance Group.

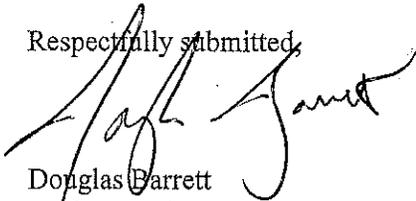
10) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board of Trustees selected the accounting firm of Lerch, Vinci, and 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 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements, the combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

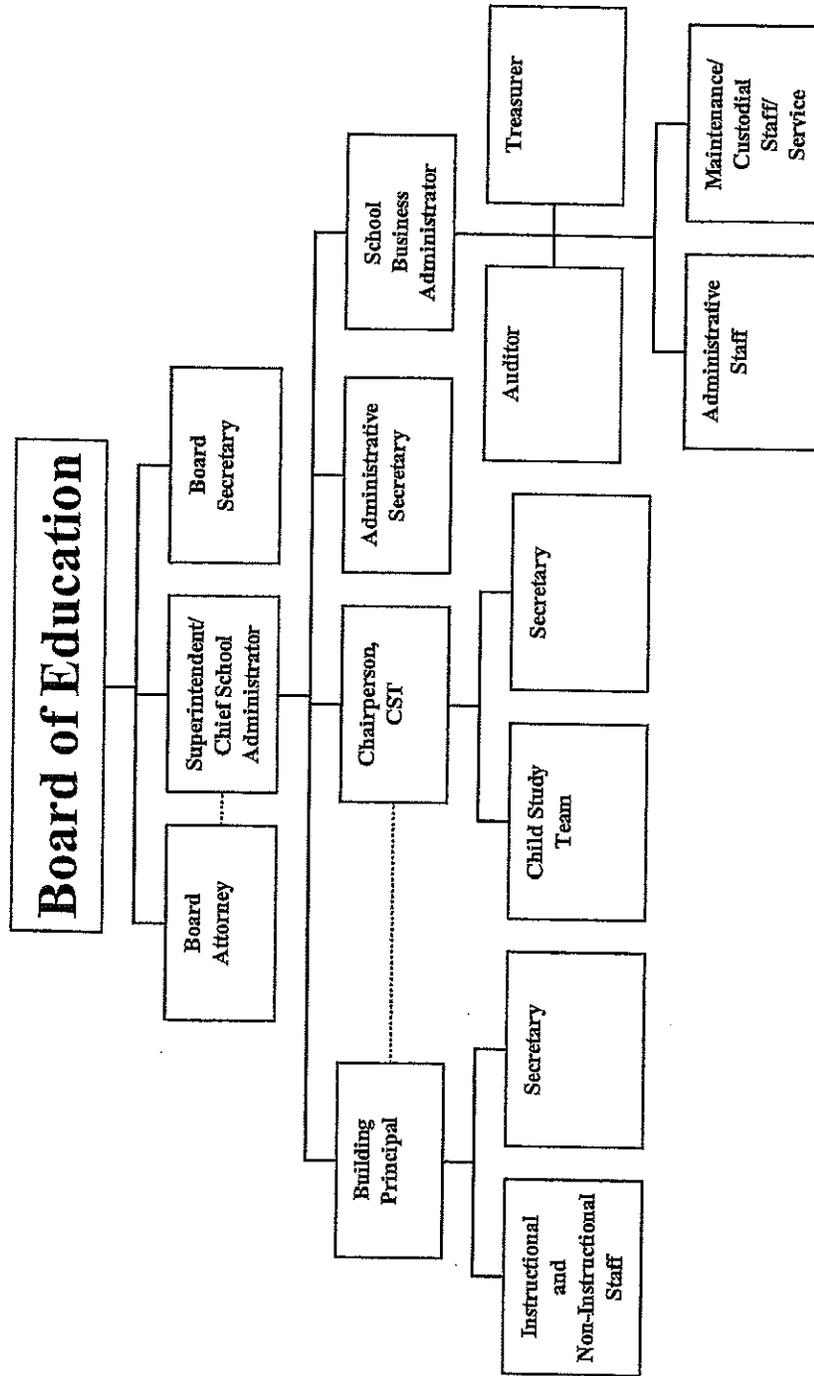
We would like to express our appreciation to the members of the Old Tappan Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,



Douglas Barrett
Business Administrator/
Board Secretary

OLD TAPPAN PUBLIC SCHOOLS
ORGANIZATIONAL CHART



OLD TAPPAN BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Maryellen LaFronz, President	2013
Tom McDermott, Vice President	2013
Nicole Gray	2014
Lorraine Hliboki	2012
Diane Brosnan	2012

Other Officials

William Ward, Superintendent of Schools

Douglas S. Barrett, School Business Administrator/Board Secretary

Richard L. Kerber, Treasurer

OLD TAPPAN BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208 N
Fair Lawn, NJ 07410

Attorney

Fogarty & Hara
16-00 Route 208 South
Fair Lawn, NJ 07410

Official Depository

TD Bank
1100 Lake Street
Ramsey, NJ 07446

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH 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
Old Tappan Board of Education
Old Tappan, 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 Old Tappan 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 Old Tappan 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 Old Tappan Board of Education as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2011 on our consideration of the Old Tappan 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 Old Tappan Board of Education's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 22, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

OLD TAPPAN BOARD OF EDUCATION MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Old Tappan School District's financial performance provides an overall review 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 notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2010/2011 school year are as follows:

- General revenues accounted for \$12,685,086 or 90 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,368,106 or 10 percent of total revenues of \$14,053,192.
- The School District had \$13,073,795 in expenses; only \$1,368,106 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$12,685,086 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$12,869,549 in revenues and \$12,274,316 in expenditures. The General Fund's fund balance increased by \$595,233 from June 30, 2010.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at significant funds with all other non-major funds presented in one total column. The General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2010/2011?" The Statement of Net Assets and the Statement of Activities answer that question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Reporting the School District as a Whole (Continued)

Statement of Net Assets and the Statement of Activities (Continued)

These two statements report the School District's net assets and changes in those assets. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- **Governmental Activities** – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activity** – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General Fund, Special Revenue Fund and Debt Service Fund.

Governmental Funds

The District's activities are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The District as a Whole

The Statement of Net Assets provides one perspective of the District as a whole. Below is a summary of the District's net assets as of June 30, 2011 and 2010.

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 6,683,514	\$ 6,028,086	\$ 2,046	\$ 1,933	\$ 6,685,560	\$ 6,030,019
Capital Assets	9,609,928	9,872,883	-	-	9,609,928	9,872,883
Total Assets	<u>16,293,442</u>	<u>15,900,969</u>	<u>2,046</u>	<u>1,933</u>	<u>16,295,488</u>	<u>15,902,902</u>
Long-Term Liabilities	5,427,451	6,077,654			5,427,451	6,077,654
Other Liabilities	151,171	87,779	-	-	151,171	87,779
Total Liabilities	<u>5,578,622</u>	<u>6,165,433</u>	<u>-</u>	<u>-</u>	<u>5,578,622</u>	<u>6,165,433</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	4,249,445	3,868,726			4,249,445	3,868,726
Restricted	1,964,647	1,550,449			1,964,647	1,550,449
Unrestricted	4,500,728	4,316,361	2,046	1,933	4,502,774	4,318,294
Total Net Assets	<u>\$ 10,714,820</u>	<u>\$ 9,735,536</u>	<u>\$ 2,046</u>	<u>\$ 1,933</u>	<u>\$ 10,716,866</u>	<u>\$ 9,737,469</u>

Below is a summary of changes in net assets for the fiscal years ended June 30, 2011 and 2010.

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>	<u>2010</u>
Revenues						
Program Revenues						
Charges for Services	\$ 15,061	\$ 21,702	\$ 5,824	\$ 5,104	\$ 20,885	\$ 26,806
Operating and Capital Grants and Contributions	1,343,702	1,641,706	3,519	3,737	1,347,221	1,645,443
General Revenues						
Property Taxes	12,423,699	12,246,014			12,423,699	12,246,014
Other	261,341	329,735	46	36	261,387	329,771
Total Revenues	<u>14,043,803</u>	<u>14,239,157</u>	<u>9,389</u>	<u>8,877</u>	<u>14,053,192</u>	<u>14,248,034</u>
Expenses						
Current						
Instruction	8,526,419	8,562,268			8,526,419	8,562,268
Support Services						
Student and Instruction Related Serv.	1,481,700	1,404,264			1,481,700	1,404,264
General and School Administration	957,614	1,043,560			957,614	1,043,560
Business / Central Services	441,966	479,621			441,966	479,621
Maintenance of Facilities	1,178,669	1,293,711			1,178,669	1,293,711
Pupil Transportation	202,455	234,576			202,455	234,576
Interest and Other Charges on Debt	275,696	307,043			275,696	307,043
Food Service	-	-	9,276	8,249	9,276	8,249
Total Expenses	<u>13,064,519</u>	<u>13,325,043</u>	<u>9,276</u>	<u>8,249</u>	<u>13,073,795</u>	<u>13,333,292</u>
Change in Net Assets	979,284	914,114	113	628	979,397	914,742
Net Assets, Beginning of Year	<u>9,735,536</u>	<u>8,821,422</u>	<u>1,933</u>	<u>1,305</u>	<u>9,737,469</u>	<u>8,822,727</u>
Net Assets, End of Year	<u>\$ 10,714,820</u>	<u>\$ 9,735,536</u>	<u>\$ 2,046</u>	<u>\$ 1,933</u>	<u>\$ 10,716,866</u>	<u>\$ 9,737,469</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes comprise 88 percent of revenues for governmental activities. The District's total revenues were \$14,043,803 for the fiscal year ended June 30, 2011. Federal and state grants accounted for 10 percent of revenue. The total cost of all programs and services was \$13,064,519. Instruction comprises 65 percent of District expenses.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal reimbursements.

- Food service revenues exceeded expenses by \$113.
- Charges for services represent 62 percent of revenue. This represents amounts paid for daily milk service.
- Federal reimbursement for milk totaled \$3,519.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following schedule shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

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

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Instruction	\$ 8,526,419	\$ 8,562,268	\$ 7,378,166	\$ 7,089,222
Support Services				
Student and Instruction Related Svcs.	1,481,700	1,404,264	1,362,030	1,388,706
General and School Administrative Services	957,614	1,043,560	896,993	955,659
Business / Central Services	441,966	479,621	422,793	438,005
Maintenance of Facilities	1,178,669	1,293,711	1,178,669	1,293,711
Pupil Transportation	202,455	234,576	191,409	189,289
Interest and Other Charges on Debt	275,696	307,043	275,696	307,043
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities	<u>\$ 13,064,519</u>	<u>\$ 13,325,043</u>	<u>\$ 11,705,756</u>	<u>\$ 11,661,635</u>

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

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

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

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

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

Interest and other charges on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

The District's Funds

All governmental funds (i.e., general fund, special revenue 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 \$14,041,418 and expenditures were \$13,446,185.

The District's Funds (Continued)

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</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources	\$ 12,510,880	\$ 12,355,025	\$ 155,855	1.26%
State Sources	1,287,359	1,586,494	(299,135)	-18.86%
Federal Sources	<u>243,179</u>	<u>297,638</u>	<u>(54,459)</u>	-18.30%
 Total Revenues	 <u>\$ 14,041,418</u>	 <u>\$ 14,239,157</u>	 <u>\$ (197,739)</u>	 -1.39%

The following schedule represents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal years ended June 30, 2011 and 2010.

	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 8,514,637	\$ 8,555,501	\$ (40,864)	-0.48%
Support Services	3,920,765	4,106,582	(185,817)	-4.52%
Capital Outlay	84,851	124,247	(39,396)	-31.71%
Debt Service				
Principal	700,000	680,000	20,000	2.94%
Interest	<u>225,932</u>	<u>249,733</u>	<u>(23,801)</u>	-9.53%
 Total Expenditures	 <u>\$ 13,446,185</u>	 <u>\$ 13,716,063</u>	 <u>\$ (269,878)</u>	 -1.97%

General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over expenditures in specific line item accounts. Several of these revisions bear notation.

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Transfers were made to reclassify expenditures for both specific special education programs and extraordinary support services that were budgeted in other programs services as well as unexpected increases in these services, as well as increases to acquire equipment for Operation Maintenance and Regular Instruction.

General Fund Budgeting Highlights (Continued)

- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item in the District's budget but is required to be reflected in the financial statements.

Capital Assets

At June 30, 2011, the District had \$9,609,928 in land, buildings, furniture, equipment and vehicles. Below is a comparison of the book value of capital assets (net of accumulated depreciation) at June 30, 2011 and 2010.

	Total	
	<u>2011</u>	<u>2010</u>
Land	\$ 38,600	\$ 38,600
Site Improvements	-	3,051
Buildings and Building Improvements	9,401,178	9,677,080
Machinery, Equipment and Vehicles	<u>170,150</u>	<u>154,152</u>
Total	<u>\$ 9,609,928</u>	<u>\$ 9,872,883</u>

Debt Administration

At June 30, 2011 and 2010, the District had \$5,427,451 and \$6,077,654 of outstanding long-term liabilities. Of these amounts, \$34,986 and \$31,756 is for compensated absences; \$5,392,465 and \$6,045,898 are for serial bonds net of unamortized premiums and gains previously issued for school construction projects.

For the Future

Currently, the District is in excellent financial condition. Everyone associated with the Old Tappan School District is grateful for the community support of the schools, as evidenced by the successful passage of the annual budget. However, new legislation is a major concern and may significantly limit the District's ability to provide programs and appropriate class sizes. This, coupled with uncertainty surrounding a new funding formula, will perpetuate the significant reliance on local property taxes.

In conclusion, the Old Tappan School District has committed itself to financial excellence for many years. Its system for financial planning, budgeting, and internal financial controls is audited annually and the District will continue to work hard to prudently manage its finances 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 Old Tappan Board of Education, 277 Old Tappan Road, Old Tappan, NJ 07675.

BASIC FINANCIAL STATEMENTS

**OLD TAPPAN BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 6,642,223	\$ 1,776	\$ 6,643,999
Receivables, net			
Receivables from Other Governments	9,309	270	9,579
Deferred Charges	31,982		31,982
Capital Assets Not Being Depreciated	38,600		38,600
Capital Assets, Being Depreciated, net	<u>9,571,328</u>	<u>-</u>	<u>9,571,328</u>
Total Assets	<u>16,293,442</u>	<u>2,046</u>	<u>16,295,488</u>
 LIABILITIES			
Accounts Payable	76,148		76,148
Accrued Interest Payable	49,921		49,921
Unearned Revenue	25,102		25,102
Noncurrent Liabilities			
Due Within One Year	748,230		748,230
Due Beyond One Year	<u>4,679,221</u>	<u>-</u>	<u>4,679,221</u>
Total Liabilities	<u>5,578,622</u>	<u>-</u>	<u>5,578,622</u>
 NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,249,445		4,249,445
Restricted for			
Debt Service	1		1
Capital Projects	1,564,646		1,564,646
Other Purposes	400,000		400,000
Unrestricted	<u>4,500,728</u>	<u>2,046</u>	<u>4,502,774</u>
Total Net Assets	<u>\$ 10,714,820</u>	<u>\$ 2,046</u>	<u>\$ 10,716,866</u>

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

OLD TAPPAN 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	\$ 5,511,489	\$ 15,061	\$ 541,178	\$ 2,385	\$ (4,952,865)	\$	\$ (4,952,865)
Special Education	2,687,933		563,436		(2,124,497)		(2,124,497)
Other Instruction	261,281		26,193		(235,088)		(235,088)
School Sponsored Activities and Athletics	65,716				(65,716)		(65,716)
Support Services							
Student and Instruction Related Services	1,481,700		119,670		(1,362,030)		(1,362,030)
General Administration Services	470,274		25,261		(445,013)		(445,013)
School Administration Services	487,340		35,360		(451,980)		(451,980)
Business / Central Services	441,966		19,173		(422,793)		(422,793)
Plant Operations and Maintenance	1,178,669				(1,178,669)		(1,178,669)
Pupil Transportation	202,455		11,046		(191,409)		(191,409)
Interest and Other Charges on Debt	275,696				(275,696)		(275,696)
Total Governmental Activities	13,064,519	15,061	1,341,317	2,385	(11,705,756)	-	(11,705,756)
Business-Type Activities							
Food Service	9,276	5,824	3,519	-	\$	67	67
Total Business-Type Activities	9,276	5,824	3,519	-		67	67
Total Primary Government	\$ 13,073,795	\$ 20,885	\$ 1,344,836	\$ 2,385	(11,705,756)	67	(11,705,689)
General Revenues							
Property Taxes, Levied for General Purposes					11,674,488		11,674,488
Property Taxes, Levied for Debt Service					749,211		749,211
Investment Earnings					55,274	46	55,320
State Aid Levied for Debt Service					176,721		176,721
Unrestricted State Aid					15,258		15,258
Miscellaneous Income					14,088		14,088
Total General Revenues					12,685,040	46	12,685,086
Change in Net Assets					979,284	113	979,397
Net Assets, Beginning of Year					9,735,536	1,933	9,737,469
Net Assets, End of Year					\$ 10,714,820	\$ 2,046	\$ 10,716,866

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 6,619,780	\$ 22,442	\$ 1	\$ 6,642,223
Receivables, Net				
Receivables from Other Governments	<u>9,309</u>	<u>-</u>	<u>-</u>	<u>9,309</u>
Total Assets	<u>\$ 6,629,089</u>	<u>\$ 22,442</u>	<u>\$ 1</u>	<u>\$ 6,651,532</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 76,148			\$ 76,148
Deferred Revenue	<u>2,660</u>	<u>\$ 22,442</u>	<u>-</u>	<u>25,102</u>
Total Liabilities	<u>78,808</u>	<u>22,442</u>	<u>-</u>	<u>101,250</u>
Fund Balances				
Restricted Fund Balance				
Capital Reserve	1,564,646			1,564,646
Maintenance Reserve	150,000			150,000
Emergency Reserve	250,000			250,000
Excess Surplus	2,247,755			2,247,755
Excess Surplus Designated for Subsequent Year's Budget	1,824,237			1,824,237
Debt Service			\$ 1	1
Emergency Reserve- Designated for Subsequent Year's Budget	250,000			250,000
Unassigned Fund Balance	<u>263,643</u>	<u>-</u>	<u>-</u>	<u>263,643</u>
Total Fund Balances	<u>6,550,281</u>	<u>-</u>	<u>1</u>	<u>6,550,282</u>
Total Liabilities and Fund Balances	<u>\$ 6,629,089</u>	<u>\$ 22,442</u>	<u>\$ 1</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 \$16,018,179 and the accumulated depreciation is \$6,408,251. 9,609,928

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (49,921)

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

Serial Bonds Payable	\$ (5,392,465)
Less: Bond Issuance Costs	31,982
Compensated Absences	<u>(34,986)</u>
	<u>(5,395,469)</u>

Net assets of governmental activities \$ 10,714,820

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 11,674,488		\$ 749,211	\$ 12,423,699
Tuition	15,061			15,061
Interest	55,274			55,274
Miscellaneous	14,088	\$ 2,758	-	16,846
	<u>11,758,911</u>	<u>2,758</u>	<u>749,211</u>	<u>12,510,880</u>
Total - Local Sources				
Intergovernmental				
State Sources	1,110,638		176,721	1,287,359
Federal Sources	-	243,179	-	243,179
	<u>1,110,638</u>	<u>243,179</u>	<u>176,721</u>	<u>1,530,538</u>
Total Intergovernmental Sources				
Total Revenues				
	<u>12,869,549</u>	<u>245,937</u>	<u>925,932</u>	<u>14,041,418</u>
EXPENDITURES				
Current				
Instruction				
Regular Instruction	5,485,990	16,757		5,502,747
Special Education Instruction	2,509,982	174,911		2,684,893
Other Instruction	261,281			261,281
School-Sponsored Activities and Athletics	65,716			65,716
Support Services				
Student and Instruction Related Services	1,442,442	11,522		1,453,964
General Administration Services	470,274			470,274
School Administration Services	487,344			487,344
Business/Central Services	440,180			440,180
Plant Operations and Maintenance	866,548			866,548
Pupil Transportation	202,455			202,455
Debt Service				
Principal			700,000	700,000
Interest and Other Charges			225,932	225,932
Capital Outlay	42,104	42,747	-	84,851
	<u>12,274,316</u>	<u>245,937</u>	<u>925,932</u>	<u>13,446,185</u>
Total Expenditures				
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	595,233	-	-	595,233
Fund Balance, Beginning of Year				
	<u>5,955,048</u>	<u>-</u>	<u>1</u>	<u>5,955,049</u>
Fund Balance, End of Year				
	<u>\$ 6,550,281</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 6,550,282</u>

**OLD TAPPAN 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) \$ 595,233

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities those costs are shown in the statement and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expenses exceeds capital outlay in the current period.

Capital Outlay	\$ 84,851	
Depreciation Expense	<u>(350,191)</u>	
		(265,340)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

2,385

Repayment of lease purchase and 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. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:

Bond Principal	700,000	
Amortization Expense:		
Deferred Amount on Refunding	(50,335)	
Original Issue Premium	3,768	
Bond Issuance Costs	<u>(9,759)</u>	
		643,674

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

(3,230)

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

Decrease in Accrued Interest		<u>6,562</u>
------------------------------	--	--------------

Change in net assets of governmental activities (Exhibit A-2) **\$ 979,284**

**OLD TAPPAN BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2011**

	Other Non-Major Enterprise Fund <u>Totals</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,776
Intergovernmental Receivable	
Federal	<u>270</u>
Total Current Assets	<u>2,046</u>
Total Assets	<u>2,046</u>
NET ASSETS	
Unrestricted	<u>2,046</u>
Total Net Assets	<u><u>\$ 2,046</u></u>

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

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

	Other Non-Major Enterprise Fund <u>Totals</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 5,824
	5,824
OPERATING EXPENSES	
Cost of Sales	4,691
Salaries and Wages	4,585
	9,276
Total Operating Expenses	9,276
Operating (Loss)	(3,452)
NONOPERATING REVENUES	
Federal Sources	
Special Milk Program	3,519
Interest and Investment Revenue	46
	3,565
Total Nonoperating Revenues	3,565
Change in Net Assets	113
Net Assets, Beginning of Year	1,933
Net Assets, End of Year	\$ 2,046

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

**OLD TAPPAN BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Other Non-Major Enterprise Fund <u>Totals</u>
CASH FLOW FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 5,824
Cash Payments for Salaries and Wages	(4,585)
Cash Payments to Suppliers for Goods and Services	<u>(4,691)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(3,452)</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Cash Received from State and Federal Subsidy Reimbursements	<u>3,597</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>3,597</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<u>46</u>
Net Cash Provided by (Used for) Investing Activities	<u>46</u>
Net Increase in Cash and Cash Equivalents	191
Cash and Cash Equivalents, Beginning of Year	<u>1,585</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,776</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating (Loss)	<u>\$ (3,452)</u>
Total Adjustments	<u>-</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (3,452)</u>

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

**OLD TAPPAN 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>626,432</u>	\$ <u>86,894</u>
Total Assets	<u>626,432</u>	<u>86,894</u>
LIABILITIES		
Payroll Deductions and Withholdings		4,254
Accrued Salaries And Wages		8,802
Due to State of New Jersey	9,634	
Due to Student Groups	<u>-</u>	<u>73,838</u>
Total Liabilities	<u>9,634</u>	<u>\$ 86,894</u>
NET ASSETS		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 616,798</u>	

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

**OLD TAPPAN BOARD OF EDUCATION
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Unemployment Compensation Trust</u>
ADDITIONS	
Contributions	
Board	\$ 250,000
Employees	10,549
Investment Earnings	
Interest	<u>3,357</u>
Total Additions	<u>263,906</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>50,603</u>
Change in Net Assets	213,303
Net Assets, Beginning of Year	<u>403,495</u>
Net Assets, End of Year	<u>\$ 616,798</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**OLD TAPPAN 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 Old Tappan 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 five 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 Old Tappan 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The *food service fund* accounts for the activities of the school cafeteria, which provides milk to students .

Additionally, the government reports the following fund type:

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

**OLD TAPPAN 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

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 and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal subsidies for the food service operation are considered nonoperating revenues.

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

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

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

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

2. *Receivables and Payables*

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

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

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

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

**OLD TAPPAN 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)

2. *Receivables and Payables (Continued)*

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. *Restricted Assets*

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects.

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 and Building Improvements	20-50
Site Improvements	5-10
Machinery Equipment	5-10
Computer Equipment	5

**OLD TAPPAN 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)

5. *Compensated Absences*

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

6. *Long-Term Obligations*

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

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

7. *Fund Equity*

Beginning with the 2010/2011 fiscal year, 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.

Excess Surplus – Designated for Subsequent Year's Budget - 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.

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 2B.)

**OLD TAPPAN 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)

Restricted Fund Balance (Continued)

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

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

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

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.

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

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 \$201,778. The increase was funded by additional surplus appropriated and grant awards. During the fiscal year authorized and approved additional fund balance appropriations of \$29,900 and \$45,418 from the general fund. These authorizations were made on October 25, 2010 and March 7, 2011, respectively.

**OLD TAPPAN 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. 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		\$ 1,200,448
Increases		
Interest Earned	\$ 14,198	
Deposits Approved by Board Resolution, June 27, 2011	<u>350,000</u>	
		<u>364,198</u>
Balance, June 30, 2011		<u>\$ 1,564,646</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects is \$5,300,040. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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 \$4,071,992. Of this amount, \$1,824,237 was designated and appropriated in the 2011/2012 original budget certified for taxes and the remaining amount of \$2,247,755 will be appropriated in the 2012/2013 original budget certified for taxes.

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 \$7,357,325 and bank balances of the Board's cash and deposits amounted to \$7,573,666. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" or restricted cash and cash equivalents are categorized as:

Depository Account

Insured	\$ <u>7,573,666</u>
---------	---------------------

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2011 the Board has no funds exposed to custodial credit risk.

**OLD TAPPAN 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

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

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

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.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

B. Receivables

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

	<u>General</u>	<u>Food Service</u>	<u>Total</u>
Receivables:			
Intergovernmental	\$ 9,309	\$ 270	\$ 9,579
Gross Receivables	9,309	270	9,579
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 9,309</u>	<u>\$ 270</u>	<u>\$ 9,579</u>

**OLD TAPPAN 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>
General Fund	
Unencumbered Grant Drawdowns	\$ 2,660
Special Revenue Fund	
Unencumbered Grant Drawdowns-Local Sources	<u>22,442</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$25,102</u>

C. Capital Assets

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 38,600	-	-	\$ 38,600
Total Capital Assets, Not Being Depreciated	<u>38,600</u>	<u>-</u>	<u>-</u>	<u>38,600</u>
 Capital Assets, Being Depreciated:				
Buildings and Building Improvements	15,384,578	\$ 29,900		15,414,478
Site Improvements	88,409			88,409
Machinery and Equipment	419,356	57,336	-	476,692
Total Capital Assets Being Depreciated	<u>15,892,343</u>	<u>87,236</u>	<u>-</u>	<u>15,979,579</u>
 Less Accumulated Depreciation for:				
Buildings and Building Improvements	(5,707,498)	(305,802)		(6,013,300)
Site Improvements	(85,358)	(3,051)		(88,409)
Machinery and Equipment	(265,204)	(41,338)	-	(306,542)
Total Accumulated Depreciation	<u>(6,058,060)</u>	<u>(350,191)</u>	<u>-</u>	<u>(6,408,251)</u>
 Total Capital Assets, Being Depreciated, Net	 <u>9,834,283</u>	 <u>(262,955)</u>	 <u>-</u>	 <u>9,571,328</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 9,872,883</u>	 <u>\$ (262,955)</u>	 <u>\$ -</u>	 <u>\$ 9,609,928</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 5,512
Special Education	3,040
Total Instruction	<u>8,552</u>

Support Services

Student and Instruction Related Services	27,736
Business / Central Services	1,782
Operations and Maintenance of Plant	312,121
Total Support Services	<u>341,639</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 350,191</u>
--	-------------------

D. 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:

\$9,085,000, 2004 Bonds, due in annual installments of \$745,000 to \$840,000 through April 1, 2018, interest at 3.25% to 3.90%	<u>\$5,545,000</u>
---	--------------------

**OLD TAPPAN 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. Long-Term Debt (Continued)

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

Governmental Activities:

<u>Fiscal Year</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 745,000	\$ 199,683	\$ 944,683
2013	760,000	175,470	935,470
2014	775,000	149,630	924,630
2015	790,000	122,505	912,505
2016	810,000	94,065	904,065
2017-2018	<u>1,665,000</u>	<u>96,270</u>	<u>1,761,270</u>
	<u>\$ 5,545,000</u>	<u>\$ 837,623</u>	<u>\$ 6,382,623</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)	\$ 56,851,504
Less: Net Debt	<u>5,545,000</u>
Remaining Borrowing Power	<u>\$ 51,306,504</u>

Changes in Long-Term Liabilities

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

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 6,245,000		\$ (700,000)	\$ 5,545,000	\$ 745,000
Add:					
Unamortized Premiums	16,114		(3,768)	12,346	
Less:					
Unamortized Loss on Refunding	<u>(215,216)</u>	-	<u>50,335</u>	<u>(164,881)</u>	-
Sub-Total Bonds Payable	6,045,898	-	(653,433)	5,392,465	745,000
Compensated Absences	<u>31,756</u>	<u>\$ 3,230</u>	<u>-</u>	<u>34,986</u>	<u>3,230</u>
Governmental Activity Long-Term Liabilities	<u>\$ 6,077,654</u>	<u>\$ 3,230</u>	<u>\$ (653,433)</u>	<u>\$ 5,427,451</u>	<u>\$ 748,230</u>

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

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

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board 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 Northeast Bergen County School Board Insurance Group (NESBIG). The Group 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 funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

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

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$ 250,000	\$ 10,549	\$ 50,603	\$ 616,798
2010	250,000	9,855	44,823	403,495
2009		9,634	11,051	186,737

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.

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

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

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

C. Federal Arbitrage Regulations

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

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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

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.

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.

**OLD TAPPAN 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)

Significant Legislation (Continued)

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

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

Funding Status and Funding Progress

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

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.

**OLD TAPPAN 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)

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 and TPAF of the employee's annual compensation.

Annual Pension Costs (APC)

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

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	\$ 104,944	\$ 18,348
2010	85,031	19,073
2009	91,066	18,111

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 \$18,348, \$19,073 and \$18,111 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 \$443,746 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.

**OLD TAPPAN 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

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

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

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

Health Benefits Program Fund (HBP) – 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.

**OLD TAPPAN 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.

**OLD TAPPAN 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 \$389,714, \$358,211 and \$345,517, 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

**OLD TAPPAN 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	\$ 11,674,488		\$ 11,674,488	\$ 11,674,488	
Tuition				15,061	\$ 15,061
Interest	7,500		7,500	41,076	33,576
Interest on Capital Reserve	250		250	14,198	13,948
Miscellaneous	-	-	-	14,088	14,088
Total Local Sources	<u>11,682,238</u>	<u>-</u>	<u>11,682,238</u>	<u>11,758,911</u>	<u>76,673</u>
State Sources					
TPAF Freeze State Aid			-	8,670	8,670
Extraordinary Aid			-	206,297	206,297
Additional Non-Public Transportation Aid				4,973	4,973
On-behalf TPAF Non-Contributory Insurance (Non-Budget)				18,348	18,348
On-behalf TPAF Post Retirement Medical Cont. (Non-Budget)				389,714	389,714
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	443,746	443,746
Total State Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,071,748</u>	<u>1,071,748</u>
Total Revenues	<u>11,682,238</u>	<u>-</u>	<u>11,682,238</u>	<u>12,830,659</u>	<u>1,148,421</u>
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	314,233	\$ (270)	313,963	281,356	32,607
Grades 1-5	2,067,891	(54,635)	2,013,256	2,002,501	10,755
Grades 6-8	1,549,464	28,689	1,578,153	1,530,563	47,590
Regular Program - Home Instruction					
Salaries of Teachers	4,500	3,100	7,600	5,092	2,508
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	129,446	-	129,446	77,482	51,964
Purchased Technical Services	7,000	-	7,000	2,219	4,781
General Supplies	130,777	(545)	130,232	120,069	10,163
Textbooks	62,000	-	62,000	28,976	33,024
Other Objects	1,000	-	1,000	-	1,000
Total Regular Programs	<u>4,266,311</u>	<u>(23,661)</u>	<u>4,242,650</u>	<u>4,048,258</u>	<u>194,392</u>
Special Education					
Auditory Impairments					
Purchased Professional-Educational Svcs.	153,950	-	153,950	125,375	28,575
Total Auditory Impairments	<u>153,950</u>	<u>-</u>	<u>153,950</u>	<u>125,375</u>	<u>28,575</u>
Multiple Disabilities					
Salaries of Teachers	61,494	-	61,494	55,270	6,224
General Supplies	600	-	600	595	5
Total Multiple Disabilities	<u>62,094</u>	<u>-</u>	<u>62,094</u>	<u>55,865</u>	<u>6,229</u>

**OLD TAPPAN 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 (Continued)					
Resource Room					
Salaries of Teachers	\$ 798,638	\$ 24,617	\$ 823,255	\$ 769,574	\$ 53,681
General Supplies	5,300	-	5,300	3,821	1,479
Textbooks	2,450	-	2,450	957	1,493
Total Resource Room	<u>806,388</u>	<u>24,617</u>	<u>831,005</u>	<u>774,352</u>	<u>56,653</u>
Preschool Disabilities-Full Time					
Other Salaries for Instruction	381,226	(3,350)	377,876	295,616	82,260
Total Preschool Disabilities-Full Time	<u>381,226</u>	<u>(3,350)</u>	<u>377,876</u>	<u>295,616</u>	<u>82,260</u>
Total Special Education	<u>1,403,658</u>	<u>21,267</u>	<u>1,424,925</u>	<u>1,251,208</u>	<u>173,717</u>
Basic Skills/Remedial					
Salaries of Teachers	125,614	3,350	128,964	128,955	9
Total Basic Skills/Remedial	<u>125,614</u>	<u>3,350</u>	<u>128,964</u>	<u>128,955</u>	<u>9</u>
Bilingual Education					
Salaries of Teachers	65,821	-	65,821	61,813	4,008
General Supplies	400	-	400	385	15
Total Bilingual Education	<u>66,221</u>	<u>-</u>	<u>66,221</u>	<u>62,198</u>	<u>4,023</u>
School Sponsored Cocurricular Activities					
Salaries	43,875	-	43,875	38,161	5,714
Supplies and Materials	5,000	-	5,000	-	5,000
Other Objects	29,050	(1,500)	27,550	10,983	16,567
Total School Sponsored Cocurricular Activities	<u>77,925</u>	<u>(1,500)</u>	<u>76,425</u>	<u>49,144</u>	<u>27,281</u>
Total Instruction	<u>5,939,729</u>	<u>(544)</u>	<u>5,939,185</u>	<u>5,539,763</u>	<u>399,422</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	1,220,534	-	1,220,534	669,934	550,600
Tuition to Priv. Sch. for the Handicap Within the State	363,041	45,418	408,459	157,243	251,216
Total Undistributed Expenditures - Instruction	<u>1,583,575</u>	<u>45,418</u>	<u>1,628,993</u>	<u>827,177</u>	<u>801,816</u>
Undistributed Expenditures (Continued)					
Attendance & Social Work					
Purchased Prof. and Tech Service	7,672	-	7,672	5,985	1,687
Total Attendance & Social Work	<u>7,672</u>	<u>-</u>	<u>7,672</u>	<u>5,985</u>	<u>1,687</u>

**OLD TAPPAN 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)					
Health Services					
Salaries	\$ 165,240	\$ 925	\$ 166,165	\$ 166,085	\$ 80
Purchased Professional and Technical Services	13,000	(925)	12,075	10,781	1,294
Supplies and Materials	7,000	-	7,000	1,339	5,661
Other Objects	1,350	-	1,350	25	1,325
Total Health Services	186,590	-	186,590	178,230	8,360
Other Support Serv. Students - Related Serv.					
Salaries	102,319	1,601	103,920	103,920	-
Supplies and Materials	900	-	900	835	65
Total Other Support Serv. Students - Related Serv.	103,219	1,601	104,820	104,755	65
Guidance					
Salaries of Other Professional Staff	68,448	-	68,448	68,448	-
Other Purchased Services	4,700	(1,601)	3,099	804	2,295
Supplies and Materials	9,000	-	9,000	1,394	7,606
Total Guidance	82,148	(1,601)	80,547	70,646	9,901
Child Study Team					
Salaries of Other Professional Staff	262,528	-	262,528	230,859	31,669
Salaries of Secretarial and Clerical Assistants	35,826	-	35,826	30,826	5,000
Purchased Professional - Educational Svcs.	204,417	(8,500)	195,917	121,251	74,666
Other Purchased Professional and Tech. Services	6,000	8,500	14,500	13,275	1,225
Miscellaneous Purchased Services	1,700	-	1,700	352	1,348
Supplies and Materials	4,000	-	4,000	1,684	2,316
Other Objects	4,000	-	4,000	21	3,979
Total Child Study Team	518,471	-	518,471	398,268	120,203
Improvement of Instructional Services					
Other Purchased Services	40,687	-	40,687	38,034	2,653
Total Improvement of Instructional Services	40,687	-	40,687	38,034	2,653
Educational Media Services/School Library					
Salaries	221,826	-	221,826	218,357	3,469
Salaries of Technology Coordinators	58,325	-	58,325	58,325	-
Supplies and Materials	14,400	-	14,400	13,685	715
Total Educational Media Serv./School Library	294,551	-	294,551	290,367	4,184
Staff Training Services					
Purchased Professional/Educational Services	49,599	(5,000)	44,599	27,607	16,992
Other Purchased Services	3,500	-	3,500	281	3,219
Total Staff Training Services	53,099	(5,000)	48,099	27,888	20,211

**OLD TAPPAN 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	\$ 249,973	\$ 15,000	\$ 264,973	\$ 249,763	\$ 15,210
Legal Services	85,000	15,000	100,000	42,538	57,462
Audit Fees	28,000	-	28,000	21,731	6,269
Architectural/Engineering Services	5,000	10,000	15,000		15,000
Purchased Technical Services	10,000	-	10,000	1,358	8,642
Communications/Telephone	48,996	-	48,996	27,495	21,501
Miscellaneous Purchased Services	68,012	-	68,012	23,100	44,912
General Supplies	5,000	-	5,000	420	4,580
Miscellaneous Expenditures	11,045	-	11,045	7,669	3,376
Total Support Services General Administration	511,026	40,000	551,026	374,074	176,952
Support Services School Administration					
Salaries of Principal/Asst. Principals/Program Dir.	256,927	15,000	271,927	257,536	14,391
Salaries of Secretarial and Clerical Assistants	85,260	8,000	93,260	89,310	3,950
Purchased Professional and Technical Services	3,650	-	3,650	2,970	680
Other Purchased Services	10,450	-	10,450	1,957	8,493
Supplies and Materials	5,100	-	5,100	2,114	2,986
Total Support Services School Administration	361,387	23,000	384,387	353,887	30,500
Central Services					
Salaries	296,522	9,000	305,522	285,328	20,194
Miscellaneous Purchased Services	39,450	10,000	49,450	25,637	23,813
Supplies and Materials	5,500	-	5,500	839	4,661
Total Central Services	341,472	19,000	360,472	311,804	48,668
Admin. Info Technology					
Salaries	3,431	-	3,431	3,431	-
Purchased Prof. Service	7,673	8,000	15,673	6,543	9,130
Other Purchased Services	2,200	-	2,200	1,042	1,158
Supplies and Materials	6,338	-	6,338	1,269	5,069
Total Admin. Info Technology	19,642	8,000	27,642	12,285	15,357
Required Maintenance for School Facilities					
Salaries	97,539	-	97,539	87,774	9,765
Cleaning, Repair and Maintenance	130,000	-	130,000	73,204	56,796
General Supplies	21,000	-	21,000	9,777	11,223
Other Objects	800	-	800	351	449
Total Required Maintenance for School Fac.	249,339	-	249,339	171,106	78,233

**OLD TAPPAN 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)					
Custodial Services					
Salaries	\$ 174,019	-	\$ 174,019	\$ 122,055	\$ 51,964
Purchased Prof. And Technical Serv.	33,800	-	33,800	11,588	22,212
Cleaning, Repair and Maint. Serv.	198,000	\$ (6,955)	191,045	140,959	50,086
Other Purchased Property Services	18,500	-	18,500	12,516	5,984
Insurance	111,589	-	111,589	73,948	37,641
Miscellaneous Purchased Services	7,512	-	7,512	3,517	3,995
General Supplies	36,500	-	36,500	14,620	21,880
Energy (Natural Gas)		385,135	385,135	84,012	301,123
Energy (Electricity)	474,773	(277,135)	197,638	115,600	82,038
Energy (Gasoline)		2,000	2,000	1,348	652
Other Objects	1,100	-	1,100	488	612
Total Custodial Services	1,055,793	103,045	1,158,838	580,651	578,187
Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	22,000	-	22,000	15,765	6,235
General Supplies	7,000	-	7,000	5,504	1,496
Total Care & Upkeep of Grounds	29,000	-	29,000	21,269	7,731
Security					
Cleaning, Repair, and Maintenance Services	30,700	-	30,700	2,399	28,301
Total Security	30,700	-	30,700	2,399	28,301
Student Transportation Services					
Contracted Services (Between Home and School)- Vendors	133,741	-	133,741	109,850	23,891
Contracted Services (Spl. Ed. Students) - Joint Agreements	181,468	-	181,468	92,605	88,863
Total Student Transportation Services	315,209	-	315,209	202,455	112,754
Unallocated Benefits - Employee Benefits					
Social Security Contributions	115,316	(1)	115,315	104,887	10,428
Other Retirement Contributions-PERS	105,847	-	105,847	104,944	903
Unemployment Compensation	1,000	249,000	250,000	250,000	-
Workers Compensation	90,232	-	90,232	63,025	27,207
Health Benefits	2,085,535	(449,000)	1,636,535	1,326,485	310,050
Tuition Reimbursement	22,405	-	22,405	17,846	4,559
Other Employee Benefits	5,000	-	5,000	2,174	2,826
Total Unallocated Benefits - Employee Benefits	2,425,335	(200,001)	2,225,334	1,869,361	355,973
On-Behalf (Non-Budget)					
TPAF Non-Contributory Insurance				18,348	(18,348)
TPAF Post Retirement Medical Cont.				389,714	(389,714)
TPAF Social Security Payments	-	-	-	443,746	(443,746)
Total On-Behalf Payments	-	-	-	851,808	(851,808)
Total Undistributed Expenditures	8,208,915	33,462	8,242,377	6,692,449	1,549,928
Total Current Expenditures	14,148,644	32,918	14,181,562	12,232,212	1,949,350

**OLD TAPPAN 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>
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	\$ 250		\$ 250		\$ 250
Equipment					
Operation & Maintenance		\$ 12,500	12,500	\$ 12,204	296
Other Purch Prof & Tech Serv.	-	29,900	29,900	29,900	-
Total Equipment	-	42,400	42,400	42,104	296
Total Capital Outlay	250	42,400	42,650	42,104	546
Total Expenditures	14,148,894	75,318	14,224,212	12,274,316	1,949,896
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,466,656)	(75,318)	(2,541,974)	556,343	3,098,317
Fund Balance, Beginning of Year	6,200,235	-	6,200,235	6,200,235	-
Fund Balance, End of Year	<u>\$ 3,733,579</u>	<u>\$ (75,318)</u>	<u>\$ 3,658,261</u>	<u>\$ 6,756,578</u>	<u>\$ 3,098,317</u>
Recapitulation of Fund Balance					
Restricted Fund Balance					
Capital Reserve				\$ 1,564,646	
Maintenance Reserve				150,000	
Emergency Reserve				250,000	
Excess Surplus				2,247,755	
Excess Surplus Designated for Subsequent Year's Budget				1,824,237	
Assigned Fund Balance					
Emergency Reserve- Designated for Subsequent Year's Budget				250,000	
Unassigned Fund Balance				469,940	
Fund Balance (Budgetary Basis)				6,756,578	
Less:					
Extraordinary Aid Not Recognized on GAAP Basis				(206,297)	
Fund Balance (GAAP Basis)				<u>\$ 6,550,281</u>	

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

	<u>Modified Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 140,000	\$ 103,179	\$ 243,179	\$ 243,179	
Local Sources					
Miscellaneous	-	23,281	23,281	2,758	\$ (20,523)
Total Revenues	<u>140,000</u>	<u>126,460</u>	<u>266,460</u>	<u>245,937</u>	<u>(20,523)</u>
EXPENDITURES					
Instruction					
Tuition	140,000	21,210	161,210	161,210	-
General Supplies	-	50,717	50,717	30,458	20,259
Total Instruction	<u>140,000</u>	<u>71,927</u>	<u>211,927</u>	<u>191,668</u>	<u>20,259</u>
Support Services					
Purchased Educational Services	-	3,903	3,903	3,903	-
General Supplies	-	5,921	5,921	6,889	(968)
Miscellaneous Expenditures	-	994	994	730	264
Total Support Services	<u>-</u>	<u>10,818</u>	<u>10,818</u>	<u>11,522</u>	<u>(704)</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	43,715	43,715	42,747	968
Total Facilities Acq. And Const.	<u>-</u>	<u>43,715</u>	<u>43,715</u>	<u>42,747</u>	<u>968</u>
Total Expenditures	<u>140,000</u>	<u>126,460</u>	<u>266,460</u>	<u>245,937</u>	<u>20,523</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**OLD TAPPAN BOARD OF EDUCATION
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) \$ 12,830,659	(C-2) \$ 245,937
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(current year)	(206,297)	
State Aid payments recognized for GAAP statements, not recognized for Budgetary purposes.(prior year)	<u>245,187</u>	<u>-</u>
 Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 (B-2) \$ <u>12,869,549</u>	 (B-2) \$ <u>245,937</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>12,274,316</u>	(C-2) \$ <u>245,937</u>
 Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 (B-2) \$ <u>12,274,316</u>	 (B-2) \$ <u>245,937</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	IDEA Basic	IDEA Preschool	ARRA Basic	ARRA Preschool	NCLB III	NCLB V	BCUA Recycling Grant	Middle School Library	Reading Recovery	Family Math	Music Madness	Total
REVENUES												
Intergovernmental	\$ 148,668	\$ 12,542	\$ 63,656	\$ 1,181	\$ 14,729	\$ 2,403	730	\$ 73	\$ 231	\$ 970	\$ 754	\$ 243,179
Federal	-	-	-	-	-	-	-	-	-	-	-	2,758
Local	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 148,668	\$ 12,542	\$ 63,656	\$ 1,181	\$ 14,729	\$ 2,403	\$ -	\$ 73	\$ 231	\$ 970	\$ 754	\$ 245,937
EXPENDITURES												
Instruction	\$ 148,668	\$ 12,542	\$ 13,701	-	\$ 14,729	-	-	\$ 73	\$ 231	\$ 970	\$ 754	\$ 161,210
Tuition	-	-	-	-	-	-	-	-	-	-	-	30,458
General Supplies	-	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	148,668	12,542	13,701	-	14,729	-	-	73	231	970	754	191,668
Support Services	-	-	-	-	-	-	-	-	-	-	-	-
Purchased Prof. Educational Services	-	-	1,500	-	-	\$ 2,403	-	-	-	-	-	3,903
General Supplies	-	-	6,889	-	-	-	\$ 730	-	-	-	-	6,889
Miscellaneous Expenditures	-	-	-	-	-	-	-	-	-	-	-	730
Total Support Services	-	-	8,389	-	-	2,403	730	-	-	-	-	11,522
Facilities Acquisition and Construction	-	-	-	-	-	-	-	-	-	-	-	-
Instructional Equipment	-	-	41,566	1,181	-	-	-	-	-	-	-	42,747
Total Facilities Acq. And Const.	-	-	41,566	1,181	-	-	-	-	-	-	-	42,747
Total Expenditures	\$ 148,668	\$ 12,542	\$ 63,656	\$ 1,181	\$ 14,729	\$ 2,403	\$ 730	\$ 73	\$ 231	\$ 970	\$ 754	\$ 245,937

CAPITAL PROJECTS FUND

NOT APPLICABLE

ENTERPRISE FUND

EXHIBIT G-1

**OLD TAPPAN BOARD OF EDUCATION
ENTERPRISE FUND
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

**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

**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

**OLD TAPPAN 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 and Cash Equivalents	\$ 73,838	\$ 13,056	\$ 86,894
Total Assets	<u>\$ 73,838</u>	<u>\$ 13,056</u>	<u>\$ 86,894</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 4,254	\$ 4,254
Accrued Salaries and Wages		8,802	8,802
Due to Student Groups	<u>\$ 73,838</u>	<u>-</u>	<u>73,838</u>
Total Liabilities	<u>\$ 73,838</u>	<u>\$ 13,056</u>	<u>\$ 86,894</u>

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

NOT APPLICABLE

**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>
T. Baldwin Demarest School	\$ 12,207	\$ 25,539	\$ 21,967	\$ 15,779
Charles DeWolf School	45,832	126,094	117,318	54,608
Athletics	759	4,110	4,315	554
Field Trips	<u>2,882</u>	<u>24</u>	<u>9</u>	<u>2,897</u>
 Total All Schools	 <u>\$ 61,680</u>	 <u>\$ 155,767</u>	 <u>\$ 143,609</u>	 <u>\$ 73,838</u>

**OLD TAPPAN 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>
ASSETS				
Cash and Cash Equivalents	\$ 13,225	\$ 7,979,435	\$ 7,979,604	\$ 13,056
LIABILITIES				
Payroll Deductions and Withholdings	\$ 7,548	\$ 3,219,700	\$ 3,222,994	\$ 4,254
Accrued Salaries and Wages	<u>5,677</u>	<u>4,759,735</u>	<u>4,756,610</u>	<u>8,802</u>
Total	<u>\$ 13,225</u>	<u>\$ 7,979,435</u>	<u>\$ 7,979,604</u>	<u>\$ 13,056</u>

LONG-TERM DEBT

OLD TAPPAN 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>Retired</u>	<u>Balance, June 30, 2011</u>
Refunding Bonds	9/1/2004	\$ 9,085,000	4/1/2012	745,000	3.25%				
			4/1/2013	760,000	3.40%				
			4/1/2014	775,000	3.50%				
			4/1/2015	790,000	3.60%				
			4/1/2016	810,000	3.70%				
			4/1/2017	840,000	3.80%				
			4/1/2018	825,000	3.90%	\$ 6,245,000	-	\$ 700,000	\$ 5,545,000
						\$ 6,245,000	\$ -	\$ 700,000	\$ 5,545,000

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

NOT APPLICABLE

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

REVENUES	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Local Sources					
Local Tax Levy	\$ 749,211		\$ 749,211	\$ 749,211	
State Sources					
Debt Service Aid	<u>176,721</u>	<u>-</u>	<u>176,721</u>	<u>176,721</u>	<u>-</u>
Total Revenues	<u>925,932</u>	<u>-</u>	<u>925,932</u>	<u>925,932</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	700,000		700,000	700,000	
Interest	<u>225,932</u>	<u>-</u>	<u>225,932</u>	<u>225,932</u>	<u>-</u>
Total Expenditures	<u>925,932</u>	<u>-</u>	<u>925,932</u>	<u>925,932</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented GASB No. 44 in 2006 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

OLD TAPPAN BOARD OF EDUCATION
 NET ASSETS BY COMPONENT
 LAST EIGHT FISCAL YEARS
 (Unaudited)
 (accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$ 1,171,205	\$ 1,568,915	\$ 1,845,847	\$ 2,548,737	\$ 3,218,995	\$ 3,518,495	\$ 3,868,726	\$ 4,249,445
Restricted	33,602	52,133	292,208	39,601	275,039	575,023	1,550,449	1,964,647
Unrestricted	242,724	1,163,551	1,993,529	3,387,936	4,101,550	4,727,904	4,318,361	4,500,728
Total Governmental Activities Net Assets	\$ 1,447,531	\$ 2,784,399	\$ 4,131,584	\$ 5,976,274	\$ 7,595,584	\$ 8,821,422	\$ 9,735,536	\$ 10,714,820
Business-Type Activities								
Unrestricted	\$ 1,359	\$ 5,268	\$ 9,492	\$ 13,627	\$ 9,062	\$ 1,305	\$ 1,933	\$ 2,046
Total Business-Type Activities Net Assets	\$ 1,359	\$ 5,268	\$ 9,492	\$ 13,627	\$ 9,062	\$ 1,305	\$ 1,933	\$ 2,046
District-Wide								
Invested in Capital Assets, Net of Related Debt	\$ 1,171,205	\$ 1,568,915	\$ 1,845,847	\$ 2,548,737	\$ 3,218,995	\$ 3,518,495	\$ 3,868,726	\$ 4,249,445
Restricted	33,602	52,133	292,208	39,601	275,039	575,023	1,550,449	1,964,647
Unrestricted	244,083	1,168,619	2,003,021	3,401,563	4,110,612	4,729,209	4,318,294	4,502,774
Total District Net Assets	\$ 1,448,890	\$ 2,789,667	\$ 4,141,076	\$ 5,989,901	\$ 7,604,646	\$ 8,822,727	\$ 9,737,469	\$ 10,716,866

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

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental Activities								
Instruction								
Regular	\$ 4,835,950	\$ 4,616,166	\$ 4,773,399	\$ 5,088,782	\$ 5,189,551	\$ 5,189,620	\$ 5,609,260	\$ 5,511,489
Special Education	1,354,350	1,449,916	1,648,198	1,968,730	2,119,200	2,434,167	2,637,656	2,687,933
Other Instruction	66,917	67,097	90,447	111,638	328,347	243,594	249,692	261,281
School Sponsored Activities And Athletics	55,428	46,850	45,090	53,246	54,067	55,817	65,660	65,716
Support Services:								
Student & Instruction Related Services	995,831	1,025,207	1,161,318	1,195,465	1,287,010	1,311,367	1,404,264	1,481,700
General Administration Services	382,835	374,969	446,704	389,311	423,478	465,156	517,269	470,274
School Administration Services	407,977	413,381	445,545	487,531	486,218	494,783	526,291	487,340
Business / Central Services	246,692	302,687	335,503	377,327	443,913	447,149	479,621	441,966
Plant Operations And Maintenance	1,007,548	1,298,494	1,305,357	1,300,445	1,329,147	1,367,096	1,293,711	1,178,669
Pupil Transportation	300,483	306,031	202,598	179,988	199,968	204,732	234,576	202,455
Interest On Long-Term Debt	487,339	204,943	448,137	393,050	363,725	336,137	307,043	275,696
Total Governmental Activities Expenses	10,141,350	10,105,741	10,902,296	11,545,513	12,224,624	12,549,618	13,325,043	13,064,519
Business-Type Activities:								
Food Service	7,541	6,248	6,163	6,822	15,452	18,525	8,249	9,276
Total Business-Type Activities Expense	7,541	6,248	6,163	6,822	15,452	18,525	8,249	9,276
Total District Expenses	\$ 10,148,891	\$ 10,111,989	\$ 10,908,459	\$ 11,552,335	\$ 12,240,076	\$ 12,568,143	\$ 13,333,292	\$ 13,073,795
Program Revenues								
Governmental Activities:								
Charges For Services:								
Regular Instruction	\$ 12,265	\$ 3,889	\$ 1,921	\$ 22,529	\$ 30,173	\$ 38,374	\$ 21,702	\$ 15,061
Operating Grants And Contributions	859,661	970,051	1,052,299	1,425,070	1,505,607	1,514,970	1,641,706	1,341,317
Capital Grants And Contributions	-	-	12,148	117,840	-	-	-	2,385
Total Governmental Activities Program Revenues	871,926	973,940	1,066,368	1,565,439	1,535,780	1,553,344	1,663,408	1,358,763
Business-Type Activities:								
Charges For Services								
Food Service	4,289	5,029	5,217	5,726	5,620	5,756	5,104	5,824
Operating Grants And Contributions	3,367	4,996	4,741	4,400	4,496	4,920	3,737	3,519
Total Business-Type Activities Program Revenues	7,656	10,025	9,958	10,126	10,116	10,676	8,841	9,343
Total District Program Revenues	\$ 879,582	\$ 983,965	\$ 1,076,326	\$ 1,575,565	\$ 1,545,896	\$ 1,564,020	\$ 1,672,249	\$ 1,368,106
Net (Expense)/Revenue								
Governmental Activities	\$ (9,269,424)	\$ (9,131,801)	\$ (9,835,928)	\$ (9,980,074)	\$ (10,688,844)	\$ (10,996,274)	\$ (11,661,635)	\$ (11,705,756)
Business-Type Activities	115	3,777	3,795	3,304	(5,336)	(7,849)	592	67
Total District-Wide Net Expense	\$ (9,269,309)	\$ (9,128,024)	\$ (9,832,133)	\$ (9,976,770)	\$ (10,694,180)	\$ (11,004,123)	\$ (11,661,043)	\$ (11,705,689)
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Property Taxes Levied For General Purposes, Net	\$ 8,119,541	\$ 9,021,403	\$ 9,677,046	\$ 10,284,928	\$ 10,775,932	\$ 11,206,969	\$ 11,525,063	\$ 11,674,488
Taxes Levied For Debt Service	726,106	745,899	729,536	702,834	691,102	703,295	720,951	749,211
Unrestricted Grants And Contributions	406,840	451,385	443,548	435,863	446,101	22,454	38,377	15,258
State Aid Restricted for Debt Service	217,381	217,796	204,592	210,789	204,334	203,646	208,760	176,721
Accrued Interest on Bonds	-	7,131	-	-	-	-	-	-
Investment Earnings	5,730	10,692	74,953	165,369	139,752	65,395	50,915	55,274
Miscellaneous Income	102,073	14,363	53,438	24,981	54,270	17,016	31,683	14,088
Total Governmental Activities	9,577,671	10,468,669	11,183,113	11,824,764	12,311,491	12,218,775	12,575,749	12,685,040
Business-Type Activities:								
Investment Earnings	8	132	429	831	771	92	36	46
Total Business-Type Activities	8	132	429	831	771	92	36	46
Total District-Wide	\$ 9,577,679	\$ 10,468,801	\$ 11,183,542	\$ 11,825,595	\$ 12,312,262	\$ 12,218,867	\$ 12,575,785	\$ 12,685,086
Change in Net Assets								
Governmental Activities	\$ 308,247	\$ 1,336,868	\$ 1,347,185	\$ 1,844,690	\$ 1,622,647	\$ 1,222,501	\$ 914,114	\$ 979,284
Business-Type Activities	123	3,909	4,224	4,135	(4,565)	(7,757)	628	113
Total District	\$ 308,370	\$ 1,340,777	\$ 1,351,409	\$ 1,848,825	\$ 1,618,082	\$ 1,214,744	\$ 914,742	\$ 979,397

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

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	\$ 234,008	\$ 937,160	\$ 1,860,651	\$ 3,277,333	\$ 4,236,639	\$ 5,304,948	\$ 5,841,341	
Unreserved	233,534	304,201	179,634	225,505	227,384	76,266	113,707	
Restricted	-	-	-	-	-	-	-	\$ 6,286,638
Unassigned	-	-	-	-	-	-	-	263,643
Total General Fund	\$ 467,542	\$ 1,241,361	\$ 2,040,285	\$ 3,502,838	\$ 4,464,023	\$ 5,381,214	\$ 5,955,048	\$ 6,550,281
All Other Governmental Funds								
Reserved			\$ 379,153					
Unreserved	\$ 8,602	\$ 27,133	(111,945)	\$ 65,319	\$ 50,757	\$ 50,741	\$ 1	\$ 1
Restricted	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 8,602	\$ 27,133	\$ 267,208	\$ 65,319	\$ 50,757	\$ 50,741	\$ 1	\$ 1

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.

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

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Revenues								
Tax Levy	\$ 8,845,647	\$ 9,767,302	\$ 10,406,582	\$ 10,987,762	\$ 11,467,034	\$ 11,910,264	\$ 12,246,014	\$ 12,423,699
Tuition Charges	12,265	3,889	1,921	22,529	30,173	38,374	21,702	15,061
Interest Earnings	5,730	10,692	74,953	165,369	139,752	65,395	50,915	55,274
Miscellaneous	108,580	61,163	65,086	52,506	63,345	19,739	36,394	16,846
State Sources	1,363,147	1,453,247	1,552,634	2,009,913	1,978,172	1,568,816	1,586,494	1,287,359
Federal Sources	114,228	139,185	148,305	152,124	168,795	169,531	297,638	243,179
Total Revenue	10,449,597	11,435,478	12,249,481	13,390,203	13,847,271	13,772,119	14,239,157	14,041,418
Expenditures								
Instruction								
Regular Instruction	4,659,066	4,610,765	4,778,736	5,111,216	5,187,628	5,187,697	5,602,493	5,502,747
Special Education Instruction	1,330,720	1,449,916	1,648,198	1,968,730	2,119,200	2,434,167	2,637,656	2,684,893
Other Instruction	70,748	67,097	90,447	111,638	328,347	243,594	249,692	261,281
School Sponsored Activities and Athletics	54,205	46,850	45,090	53,246	54,067	55,817	65,660	65,716
Support Services:								
Student and Inst. Related Services	964,975	1,018,810	1,154,921	1,189,815	1,281,360	1,305,717	1,398,614	1,453,964
General Administration Services	338,944	374,969	453,494	383,928	423,478	465,156	506,504	470,274
School Administrative Services	394,025	410,435	450,996	486,090	486,218	494,783	526,291	487,344
Business / Central Services	237,709	301,935	334,751	375,265	441,851	445,087	477,559	440,180
Plant Operations And Maintenance	988,132	1,058,098	1,064,961	985,761	1,019,928	1,036,423	963,038	866,548
Pupil Transportation	300,483	306,031	202,598	179,988	199,968	204,732	234,576	202,455
Capital Outlay	30,000	53,196	50,176	345,092	448,583	74,814	124,247	84,851
Bond Issuance Costs		116,101						
Advance Refunding Escrow		598,722						
Debt Service:								
Principal	475,000	715,000	595,000	625,000	615,000	635,000	680,000	700,000
Interest and Other Charges	493,128	237,157	341,114	313,770	295,020	271,957	249,733	225,932
Total Expenditures	10,337,135	11,365,082	11,210,482	12,129,539	12,900,648	12,854,944	13,716,063	13,446,185
Excess (Deficiency) of Revenues								
Over (Under) Expenditures	112,462	70,396	1,038,999	1,260,664	946,623	917,175	523,094	595,233
Other Financing Sources (Uses)								
Accrued Interest on Bonds		7,131						
Original Issue Premium		44,823						
Payment to Refunded Bond Escrow Agent		(8,415,000)						
Refunding Bonds Issued		9,085,000						
Transfers In	1,986	542	245,717	17	22		52,253	-
Transfers Out	(1,986)	(542)	(245,717)	(17)	(22)	-	(52,253)	-
Total Other Financing Sources (Uses)	-	721,954	-	-	-	-	-	-
Net Change in Fund Balances	\$ 112,462	\$ 792,350	\$ 1,038,999	\$ 1,260,664	\$ 946,623	\$ 917,175	\$ 523,094	\$ 595,233
Debt Service as a Percentage of								
Noncapital Expenditures	9.39%	8.42%	8.39%	7.97%	7.31%	7.10%	6.84%	6.93%

**OLD TAPPAN BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Fiscal Year Ended June 30</u>	<u>Interest on Deposit</u>	<u>Tuition</u>	<u>State Health Benefits Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	29,355	\$ 3,186	\$ 9,733	22,811	65,085
2003	8,982	21,451		32,068	62,501
2004	3,744	12,265		102,073	118,082
2005	10,490	3,889		14,363	28,742
2006	74,936	1,921		30,029	106,886
2007	165,352	22,529		24,981	212,862
2008	139,730	30,173		54,270	224,173
2009	65,395	38,374		17,016	120,785
2010	49,380	21,702		31,683	102,765
2011	55,274	15,061		14,088	84,423

Source: School District's Financial Statements

**OLD TAPPAN 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	\$ 38,087,700	\$ 1,020,182,800	\$ 801,500	\$ 9,900	\$ 70,879,800			\$ 1,129,961,700	\$ 1,166,132	\$ 1,131,127,832	\$ 1,065,628,539	\$ 1.162
2003	39,820,200	1,034,745,100	801,500	9,900	69,509,100			1,144,885,800	1,309,328	1,146,195,128	1,119,979,360	1.313
2004	41,457,500	1,067,806,500	801,500	9,900	67,909,000			1,177,984,400	1,158,883	1,179,143,283	1,258,517,369	1.350
2005	36,747,400	1,105,903,400	801,500	9,900	65,354,100	\$ 331,800		1,209,148,100	1,026,660	1,210,174,760	1,418,340,173	1.396
2006	36,137,900	1,165,433,600	380,400	9,900	62,791,700		\$ 331,800	1,265,085,300	1,019,490	1,266,104,790	1,632,324,203	1.420
2007	36,722,900	1,165,297,800	380,400	9,900	61,889,900		331,800	1,264,632,700	905,277	1,265,537,977	1,871,806,190	1.442
2008	34,314,800	1,186,252,900	380,400	9,900	61,889,900		331,800	1,283,179,700	1,013,376	1,284,193,076	1,932,044,002	1.478
2009	35,466,800	1,197,274,300	308,100	9,900	60,361,700			1,293,732,600	1,247,192	1,294,999,792	1,970,249,241	1.529
2010	33,777,900	1,207,993,400	308,100	9,900	61,568,200		331,800	1,303,991,300	1,290,151	1,305,281,451	1,914,086,815	1.547
2011 (1)	48,784,800	1,595,213,800	359,600	2,500	85,162,000		698,100	1,730,222,800	1,468,244	1,731,691,044	1,794,301,523	1.199

Source: County Abstract of Raisables

(1) Revaluation

^a Tax rates are per \$100

**OLD TAPPAN BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

Assessment Year	<u>Total</u>	<u>School District</u>	<u>Municipality</u>	<u>County</u>
2002	\$ 1.540	\$ 1.162	\$ 0.167	\$ 0.211
2003	1.730	1.313	0.209	0.208
2004	1.810	1.350	0.234	0.223
2005	1.890	1.396	0.263	0.231
2006	1.920	1.420	0.257	0.243
2007	1.980	1.442	0.274	0.264
2008	2.067	1.478	0.309	0.280
2009	2.141	1.529	0.309	0.303
2010	2.171	1.547	0.298	0.326
2011 (1)	1.682	1.199	0.267	0.216

Source: Tax Duplicate, Borough of Old Tappan
(1) Revaluation

**OLD TAPPAN 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
United Water of NJ	\$ 26,460,000	2.03%	NOT AVAILABLE	
Prentice Hall	22,885,000	1.75%		
Sunrise Assisted Living	10,860,800	0.83%		
A & R a Ltd. Partnership	10,242,600	0.79%		
A & R a Ltd. Partnership	7,727,800	0.45%		
Individual	5,515,600	0.42%		
Individual	3,636,700	0.28%		
Individual	3,230,700	0.25%		
Individual	2,889,900	0.22%		
Individual	2,264,300	0.17%		
	<u>\$ 95,713,400</u>	<u>7.19%</u>		<u>0.00%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	7,645,337	7,645,337	100.00%	N/A
2003	7,822,883	7,822,883	100.00%	N/A
2004	8,845,647	8,845,647	100.00%	N/A
2005	9,767,302	9,767,302	100.00%	N/A
2006	10,406,582	10,406,582	100.00%	N/A
2007	10,987,762	10,987,762	100.00%	N/A
2008	11,467,034	11,467,034	100.00%	N/A
2009	11,910,264	11,910,264	100.00%	N/A
2010	12,246,014	12,246,014	100.00%	N/A
2011	12,423,699	12,423,699	100.00%	N/A

**OLD TAPPAN BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities			Population	Per Capita
	General Obligation Bonds	Capital Leases	Total District		
2004	\$ 9,440,000		\$ 9,440,000	5,787	\$ 1,631
2005	9,395,000		9,395,000	5,805	1,618
2006	8,800,000		8,800,000	5,884	1,496
2007	8,175,000		8,175,000	5,958	1,372
2008	7,560,000		7,560,000	5,996	1,261
2009	6,925,000		6,925,000	6,054	1,144
2010	6,245,000		6,245,000	5,750	1,086
2011	5,545,000		5,545,000	5,750	964

Source: District records

**OLD TAPPAN BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST EIGHT FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2004	\$ 9,440,000		\$ 9,440,000	0.80%	\$ 1,631
2005	9,395,000		9,395,000	0.78%	1,618
2006	8,800,000		8,800,000	0.70%	1,496
2007	8,175,000		8,175,000	0.65%	1,372
2008	7,560,000		7,560,000	0.59%	1,261
2009	6,925,000		6,925,000	0.53%	1,144
2010	6,245,000		6,245,000	0.48%	1,086
2011	5,545,000		5,545,000	0.32%	916

Source: District records

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt:			
Northern Valley Regional School District	\$ 4,365,216	\$ 4,365,216	
Old Tappan Board of Education	5,545,000	5,545,000	
Borough of Old Tappan	<u>16,570,885</u>	<u>8,332,211</u>	\$ <u>8,238,674</u>
	<u>\$ 26,481,101</u>	<u>\$ 18,242,427</u>	<u>8,238,674</u>
Overlapping Debt Apportioned to the Municipality:			
County of Bergen (A)			7,036,806
Bergen County Utilities Authority (BCUA) - Water Pollution (B)			<u>161,048</u>
			<u>7,197,854</u>
 Total Direct and Overlapping Debt			 <u>\$ 15,436,528</u>

Sources:

- (1) Borough of Old Tappan Annual Debt Statement
- (2) BCUA audit.
- (3) Bergen County Debt Statement December 31, 2010

**OLD TAPPAN BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST EIGHT FISCAL YEARS
(Unaudited)**

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 32,910,814	\$ 37,002,327	\$ 41,846,600	\$ 47,992,241	\$ 53,209,329	56,848,700	\$ 57,454,485	\$ 56,851,504
Total Net Debt Applicable To Limit	<u>9,440,000</u>	<u>9,395,000</u>	<u>8,800,000</u>	<u>8,175,000</u>	<u>7,560,000</u>	<u>6,925,000</u>	<u>6,245,000</u>	<u>5,545,000</u>
Legal Debt Margin	<u>\$ 23,470,814</u>	<u>\$ 27,607,327</u>	<u>\$ 33,046,600</u>	<u>\$ 39,817,241</u>	<u>\$ 45,649,329</u>	<u>\$ 49,923,700</u>	<u>\$ 51,209,485</u>	<u>\$ 51,306,504</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	28.68%	25.39%	21.03%	17.03%	14.21%	12.18%	10.87%	9.75%

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized Valuation Basis	
2010	\$ 1,839,976,436
2009	1,895,052,878
2008	1,950,121,125
Average Equalized Valuation Of Taxable Property	<u>\$ 1,895,050,146</u>
Debt Limit (3% of Average Equalization Value)	56,851,504
Total Net Debt Applicable to Limit	<u>5,545,000</u>
Legal Debt Margin	<u>\$ 51,306,504</u>

Source: Annual Debt Statements

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income</u>	<u>Population</u>
2001	1.6	52,102	5,573
2002	2.2	51,931	5,660
2003	2.1	51,291	5,751
2004	1.7	54,669	5,787
2005	2.9	56,963	5,805
2006	3.1	63,021	5,884
2007	2.8	67,113	5,958
2008	3.6	68,541	5,996
2009	6.5	59,150	6,054
2010	6.7	N/A	5,750

Source: New Jersey Department of Labor, Bergen County
United States Bureau of Census
School District Records

OLD TAPPAN BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Employer	2011		2002	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Old Tappan Board of Education				
A & P Food Store				
Sunrise of Old Tappan				
Charlie Brown's Steakhouse				
Ma Tov Day Camp Inc				
Old Tappan Borough Hall				
Kinder Care Learning Ctr				
Creative Minds Montesorri				
	-	N/A	-	0.00%

INFORMATION NOT AVAILABLE

Source: Bureau of Labor Market Information - NJ Dept. of Labor & Workforce Dev

N/A Not Available

OLD TAPPAN BOARD OF EDUCATION
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

Function/Program	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular	59.0	63.0	62.0	59.0	60.0	60.0	59.6	59.1	61.0	58.2
Special education	6.0	8.0	9.0	9.0	9.5	9.5	11.5	12.6	12.6	12.0
Other special education	5.0	5.0	5.0	5.0	5.0	5.0	5.5	5.5	5.5	5.5
Other instruction	5.0	8.0	8.0	9.0	10.5	14.0	15.0	14.0	14.0	13.0
Support Services:										
Student & instruction related services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
General administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
School administrative services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Other administrative services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Central Services										
Administrative Information Technology	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant Operation and Maintenance						5.0	5.0	5.0	5.0	5.0
Pupil Transportation										
Other Support Services						2.0	2.0	1.4	1.4	1.4
Total	91	100	100	97	100	110.5	113.6	112.6	114.5	110.1

Source: District Personnel Records

Notes:

Special education = Special Education teachers
 Other special education = Child Study Team, Speech and CST Secretary
 Other instruction = Teacher aides

Student & instruction related services = Guidance and Nurses
 General administrative services = CSA, CSA Secretary and Treasurer
 School administrative services = Principals and School Secretaries
 Other administrative services = SBA and Business Office
 Administrative Information Technology = Technology Employees

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2002	794.1	7,869,581	9,910	0.00%	77.0	794.1	758.8	5.88%	95.55%
2003	808.9	8,665,925	10,713	8.10%	79.0	808.9	782.9	1.86%	96.79%
2004	816.3	9,339,007	11,441	6.79%	79.0	816.3	775.5	0.91%	95.00%
2005	821.3	9,690,603	11,799	3.13%	80.0	821.3	793.1	0.61%	96.57%
2006	855.0	10,224,192	11,958	1.35%	81.0	855.0	825.2	4.10%	96.51%
2007	879	10,845,677	12,346	3.24%	83.5	878.5	846.1	2.75%	96.31%
2008	866	11,542,045	13,328	7.96%	83.5	867.0	835.8	-1.31%	96.40%
2009	868	11,947,987	13,765	3.28%	83.5	865.7	835.8	-1.31%	96.55%
2010	886	12,662,083	14,291	7.23%	82.6	871.7	842.8	0.84%	96.68%
2011	842	12,435,402	14,769	7.29%	79.4	820.9	793.4	-5.07%	96.65%

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.

OLD TAPPAN BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	Fiscal Year Ended June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>District Building</u>										
<u>Elementary</u>										
T. Baldwin Demarest (1964)										
Square Feet	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270
Capacity (students)	407	407	407	407	407	407	407	407	407	407
Enrollment	N/A	444	442	455	451	459	439	452	440	414
<u>Middle School</u>										
Charles DeWolf (1927)										
Square Feet	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896
Capacity (students)	426	426	426	426	426	426	426	426	426	426
Enrollment	N/A	364	372	374	418	420	427	409	433	406

Source: District Records

N/A - Not Available

OLD TAPPAN BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
 (Unaudited)

	Fiscal Year Ended June 30									
	<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>
School Facilities										
T. Baldwin Demarest School	\$ 62,142	\$ 86,990	\$ 95,379	\$ 109,962	\$ 131,237	\$ 107,569	\$ 112,640	\$ 117,057	\$ 94,839	\$ 81,483
Charles DeWolf School	56,869	80,342	115,310	104,461	126,090	97,032	102,061	130,436	104,313	89,623
Grand Total	\$ 119,011	\$ 167,332	\$ 210,689	\$ 214,423	\$ 257,327	\$ 204,601	\$ 214,701	\$ 247,493	\$ 199,152	\$ 171,106

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

	<u>Coverage</u>	<u>Deductible</u>
NESBIG		
Commercial Package Policy	\$ 50,000,000	
Flood / Earthquake	5,000,000	\$ 50,000
General Liability	2,000,000	1,000
Automobile Liability	1,000,000	250
Contractors Equipment	250,000	1,000
Employee Dishonesty	100,000	5,000
Catastrophe Liability	5,000,000	
Boiler & Machinery	100,000,000	5,000
Ohio Insurance Company Treasurer	200,000	

Source: School District's Records

SINGLE AUDIT SECTION

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

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

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

Honorable President and Members
of the Board of Trustees
Old Tappan Board of Education
Old Tappan, 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 Old Tappan Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Old Tappan Board of Education's basic financial statements and have issued our report thereon dated November 22, 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 Old Tappan Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Old Tappan 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 Old Tappan Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Old Tappan 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 Old Tappan 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 Old Tappan 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.

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



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 22, 2011

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

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

**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
Old Tappan Board of Education
Old Tappan, New Jersey

Compliance

We have audited the Old Tappan 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 Old Tappan Board of Education's major state programs for the fiscal year ended June 30, 2011. Old Tappan 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 Old Tappan Board of Education's management. Our responsibility is to express an opinion on Old Tappan Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Old Tappan 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 Old Tappan Board of Education's compliance with those requirements.

In our opinion, Old Tappan 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 Old Tappan Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Old Tappan 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 federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis.

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

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



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
November 22, 2011

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

Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2010			Paid to Grantor	Budgetary Expenditures	Deferred Revenue	June 30, 2011	
				Deferred Revenue	(Accounts Receivable)	Due to Grantor				Accounts Receivable	Due to Grantor
U.S. Department of Agriculture Passed-Through State Department of Education											
10.556	N/A	7/1/10-6/30/11	\$ 3,519	-	-	-	\$ 3,519	\$ -	\$ (270)	-	-
10.556	N/A	7/1/09-6/30/10	3,737	-	(348)	-	348	-	-	-	-
Total Enterprise Fund				-	(348)	-	3,597	-	-	(270)	-
U.S. Department of Education Passed-Through State Department of Education											
84.027	IDEA385011	9/1/10-8/31/11	148,668	-	-	-	148,668	148,668	-	-	-
84.173	IDEA385011	9/1/10-8/31/11	12,542	-	-	-	12,542	12,542	-	-	-
84.391	ARRA385010	9/1/09-8/31/11	174,142	63,656	(65,113)	-	65,113	63,656	-	-	-
84.392	ARRA385010	9/1/09-8/31/11	6,304	1,181	(1,181)	-	1,181	1,181	-	-	-
84.367	NCLB385009	9/1/08-8/31/09	2,200	-	(220)	-	220	-	-	-	-
84.365	NCLB385011	9/1/10-8/31/11	14,729	-	-	-	14,729	14,729	-	-	-
84.365	NCLB385009	9/1/08-8/31/09	15,663	-	(6,257)	-	6,257	-	-	-	-
84.186	NCLB385009	9/1/08-8/31/09	350	-	(350)	-	350	-	-	-	-
84.298	NCLB385011	9/1/10-8/31/11	2,403	-	-	-	2,403	2,403	-	-	-
Total Special Revenue Fund				64,837	(73,121)	-	251,463	243,179	-	-	-
Total Federal Financial Awards				\$ 64,837	\$ (73,469)	\$ -	\$ 255,060	\$ 246,698	\$ -	\$ (270)	\$ -

Note - This schedule is not subject to a federal single audit.

**OLD TAPPAN 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, June 30, 2010		Cash Received	Budgetary Expenditures	June 30, 2011		Memo		
				Deferred Revenue	(Accounts Receivable)			Deferred Revenue	(Accounts Receivable)	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education												
General Fund												
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	\$ 39,643	\$ (6,073)	\$ 6,073							
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	290,196	(44,627)	44,627							
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	42,489	(6,588)	6,588							
Extraordinary Aid	11-100-034-5120-473	7/1/10-6/30/11	206,297		-	\$ 206,297		\$ (206,297)		\$ 206,297		
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	187,899	(187,899)	187,899							
Additional Non-Public Transportation Aid	N/A	7/1/10-6/30/11	4,973		-		4,973		(4,973)	\$ (4,973)	4,973	
Additional Non-Public Transportation Aid	N/A	7/1/09-6/30/10	6,765	(6,765)	6,765							
TPAF FICA Wage Freeze Aid	N/A	7/1/10-6/30/11	8,670		4,334		8,670		(4,336)	(4,336)	8,670	
On-Behalf TPAF Non-Contributory Insurance	11-495-034-5095-007	7/1/10-6/30/11	18,348		18,348		18,348				18,348	
On-Behalf TPAF Post Retirement Medical Cont.	11-495-034-5095-001	7/1/10-6/30/11	389,714		389,714		389,714				389,714	
Reimbursed TPAF Soc. Security Contribution	11-495-034-5095-002	7/1/10-6/30/11	443,746		443,816		443,746	\$ 70			443,746	
Distance Learning Network Aid	01-100-034-5120-348	7/1/00-6/30/01	33,798	-	-		-	2,589			-	
Total General Fund			2,589	(251,952)	1,108,164		1,071,748	2,659	(215,606)	(9,309)	1,071,748	
Debt Service Fund												
Debt Service Aid	11-495-034-5120-075	7/1/10-6/30/11	176,721	-	176,721		176,721				176,721	
Total State Financial Assistance			\$ 2,589	\$ (251,952)	1,284,885		1,248,469	\$ 2,659	\$ (215,606)	\$ (9,309)	\$ 1,248,469	
State Financial Assistance Not Subject to Single Audit Determination												
General Fund												
On-Behalf TPAF Pension System Contributions (Non-Contributory Insurance)					(18,348)		(18,348)				(18,348)	
On-Behalf TPAF Pension System Contribution (Post Retirement Medical)					(389,714)		(389,714)				(389,714)	
Total State Financial Assistance Subject to Single Audit			\$ 876,823		\$ 840,407							

**OLD TAPPAN 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 Old Tappan 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 \$38,890 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,110,638	\$ 1,110,638
Special Revenue Fund	\$ 243,179		243,179
Debt Service Fund		176,721	176,721
Food Service Fund	<u>3,519</u>	<u>-</u>	<u>3,519</u>
Total Financial Assistance	<u>\$ 246,698</u>	<u>\$ 1,287,359</u>	<u>\$ 1,534,057</u>

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

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$443,746 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System NCGI Contributions in the amount of \$18,348 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$389,714 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. 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.

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

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued on financial statements Unqualified

Internal control over financial reporting:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

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

State Awards Section

Internal Control over major programs:

Dollar threshold used to determine Type A programs: \$300,000

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

Type of auditors' report on compliance for major programs: Unqualified

Internal Control over compliance:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X no

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 04-04? _____ yes X no

Identification of major state programs:

GMIS Number(s)	Name of State Program
11-495-034-5095-002	Reim. TPAF Soc. Sec. Contribution

Federal Awards Section

Not subject to Federal Single Audit.

**OLD TAPPAN 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.

**OLD TAPPAN 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

There are none.

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

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

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

CURRENT YEAR STATE AWARDS

There are none.

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

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

STATUS OF PRIOR YEAR FINDINGS

THERE WERE NONE.