

**LITTLE FALLS**  
**BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Little Falls, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Little Falls Board of Education**

**Little Falls, New Jersey**

**For The Fiscal Year Ended June 30, 2012**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**

**Little Falls Board of Education  
560 Main Street  
Little Falls School #3  
Little Falls, New Jersey 07424**

September 24, 2012

Honorable President and  
Members of the Board of Education  
Little Falls School District  
Little Falls, New Jersey 07424

Dear Board of Education Members:

The Comprehensive Annual Financial Report of the Little Falls Township School District (the "District") for the fiscal year ended June 30, 2012 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 of Education (Board). To the best of our knowledge and belief, the data presented in this Report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this Transmittal Letter, the District's Organizational Chart and a list of principal officials. The Financial Section includes the basic financial statements and schedules, as well as the auditors' report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this Single Audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit section of this report.

**REPORTING ENTITY AND ITS SERVICES:** Little Falls Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this Report. The Little Falls Board of Education and all its schools constitute the District's reporting entity.

REPORTING ENTITY AND ITS SERVICES: (Continued)

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include Regular, as well as Special Education including Preschool Inclusive. The District completed the 2011/2012 fiscal year with a student enrollment of 925 students, which is a 17 student decrease from the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last eleven years:

Average Daily Enrollment

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2011-2012          | 916                       | (2.4)                 |
| 2010-2011          | 938                       | 0.01                  |
| 2009-2010          | 931                       | 1.09                  |
| 2008-2009          | 921                       | 3.80                  |
| 2007-2008          | 887                       | .70                   |
| 2006-2007          | 881                       | 3.40                  |
| 2005-2006          | 851                       | 1.60                  |
| 2004-2005          | 837                       | 1.70                  |
| 2003-2004          | 823                       | (4.80)                |
| 2002-2003          | 865                       | 2.90                  |
| 2001-2002          | 840                       | .20                   |

ECONOMIC CONDITION AND OUTLOOK: The Little Falls Township is located in northeastern Passaic County, New Jersey. It is bordered on the north by Totowa, Wayne, and Woodland Park, on the east by Clifton, on the south by Montclair and Cedar Grove, and on the west by North Caldwell and Fairfield.

School # 1 serves the needs of students in Grades Five through Eight, as well as having self-contained LLD classrooms. School #1 currently houses approximately 374 students.

School #2 serves Pre-Kindergarten through Grade Two students and has self-contained Special Education classes. The total enrollment for School #2 is approximately 340 students.

School #3 serves Grades 3 and 4 and had one self-contained special education classes serving LLD.

School #3 houses approximately 203 students.

The Little Falls Township School District is governed by a nine-member Board of Education elected by the voters. It should be noted here, that on January 17, 2012, Chapter 202 of the Laws, P.L. 2011, was approved and pursuant to the Law, the Board of Education has moved its annual election of members to the General Election date in November 2012, with its Organization to be held in the first week of January, 2013. No vote on Budgets will be required if the taxpayer increase does not exceed 2%.

Based on our Five-Year Demographic Study of January 9, 2010 from Whitehall Associates, Inc., our District is projected to increase in enrollment over the next few years. This Cohort Survival Method takes into account both statistics and related sources of information from the Township. The re-opening of School #3 assisted the District in meeting the need for increased space over the past few years. It should be noted that the drop in enrollment for 2011-2012 may be directly related to the poor economic climate and the housing market slow down which prohibits families from moving around or up.

## ECONOMIC CONDITION AND OUTLOOK: (Continued)

Additional space at School #2 is also a consideration as there is little room for any additional programs such as ESL, Gifted & Talented, etc. For the 2011-12 school year and next, there are five sections of each grade, and so the Art classroom was converted to a general classroom. Art continues to be offered and the classes are conducted in the Cafetorium.

The District ended the 2011-2012 school year with approximately 925 students. Facility needs continue to be of concern with enrollment having increased over the past ten years by approximately 78 students and the use of classrooms to house several balloon grades is problematic. The District has also experienced revenue shortfalls as dictated by the NJDOE taking all reserve funds and not meeting the anticipated dollars for State Aid in the 2009-2010 Budget cycle, in addition to reducing aid in 2010-2011. It should be noted that with the restoration of this aid from NJDOE, the Board of Education has elected to provide taxpayer relief during the 2012-2013 Budget Cycle. Also with the proper planning and aggressive negotiations by the Board, the District was able to again increase the Capital Reserve account prior to the June 30, 2012 fiscal year-end. The prior year implementation of 1.5% employee contribution towards the cost of their medical insurance benefit continues to be a cost saver and indeed with the implementation of P.L 2011, c. Chapter 78, which became effective June 28, 2011, employees will be "phased in" for greater contributions, as their respective Contract Agreements expire.

We currently have 124 students on roll in self-contained Special Education in four LLD classrooms at School #2, one at School #3, one LLD classroom at School #1 and Preschool Programs at School #2. These Programs have successfully passed Special Education monitoring and continue to meet the needs of Little Falls residents, as well as several Out of District students, generating tuition. We expect to continue to offer recommended ABA Behaviorist support and all mandated Programs in compliance with State and Federal codes, while analyzing the costs of these offerings, in an effort to create improvement in the classroom while creating possible efficiencies.

Our District provides courtesy bussing and in accordance with the NJDOE mandated Corrective Action Plan to improve our efficiency, we contracted with Passaic County Educational Services Commission for the 2011-2012 school year. PCESC is considered an LEA and as such, a Shared Service; our efficiency requirement was met and a savings of over \$ 12,000.00 was realized.

## MAJOR INITIATIVES:

The Little Falls School District continues to make progress toward refurbishing its facilities; during the summer of 2011, School # 2 underwent a Playground/Parking lot renovation and expansion, including a French drain to eliminate a water penetration issue. The roof at School # 3 was partially replaced and now most of the building has renovated or new roofing. These Projects were funded from Capital Reserve, thru the 2011-2013 Budget Cycle.

Our students have participated in a wide variety of extra curricular and related programs throughout the school year including Gifted & Talented activities, Regional Spelling Programs, National Geography Bee, Regional Band and Chorus, New Jersey Math League, News Bowl, Student Council activities and new this year ,Giants Play 360 Program at School # 1. A complete listing of all activities and an overall description of our School Programs can be found on the website, as well as in the Annual School Report Cards distributed by the New Jersey Department of Education (NJDOE).

The District chose and invested in the Houghton Mifflin Harcourt "Math In Focus" Program during the 2010-2011 fiscal year and it was rolled out Grades K-2 in 2011-12 and will be implemented in Grades 3-

5 by fall 2012. Language Arts Literacy became the focus of assessment by Administration and staff with emphasis on the Workshop Model with texts chosen to support all Core Curriculum courses and assessment of student mastery as an ongoing guide to the teacher. In efforts to meet NJCCS, World Language, Visual Arts, Health and Safety and Science Curriculums have been re-vamped and in most cases implemented.

Several years ago the District made significant progress in upgrading our computers/technology infrastructure and changed all switches and routers throughout the District and increased the bandwidth and internet speed at all buildings as a result of the move to Cablevision-Lightpath Systems. The District also upgraded and replaced all building servers, as well as adding Smart Boards in each building. During the 2011-2012 school year, we utilized the Technology services of PCESC for an assessment of our infrastructure and once again, upgraded our Computer Labs, by eliminating out dated equipment, upgrading the software and purchasing 60 laptops for staff support in the classrooms. Servers were also added and wireless capacity in all buildings will progress during the 2012-2013 school year, under the direction of PCESC, who has an on-site presence, day to day, for technology support. We also expanded the Real Time portal to include parents, commencing in the fall of 2012.

An emphasis was placed on Professional Development, aided with the Education Jobs Grant. With many changes in NJCCS and the District goals of increasing student performance and test scores, teaching staff have been supported to hone their skills in the classroom.

The District has consistently looked to enhance parental and community involvement in the schools, and have planned numerous activities that bring residents into the classroom, and school buildings. Each of our schools has a monthly newsletter. The District continues to expand its website for access to all community stakeholders.

One of the most invigorating achievements for the District was the arrival in August 2011 of our new Superintendent and then in late October, the new principal at School # 1; our turnover of Administrators over the past several years has hampered the District in moving forward toward implementing the vision and goals of the Board of Education. We have already made inroads to success and are now poised for a future of achievement for our students.

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

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

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

BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated Budget approved by the voters of the municipality. Annual appropriated Budgets are adopted for the General and Special Revenue Funds. The final Budget amount as amended for the fiscal year is reflected in the Financial Section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from 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.

RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability, comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. We participate in the NJSBAIG, thru the ERIC-West sub fund.

OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, & Higgins, LLP, Certified Public Accountants, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and State Treasury Circular Letter 04-04. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report. The auditors' reports related specifically to the Single Audit are included in the Single Audit section of this report.

ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Little Falls Township School 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,

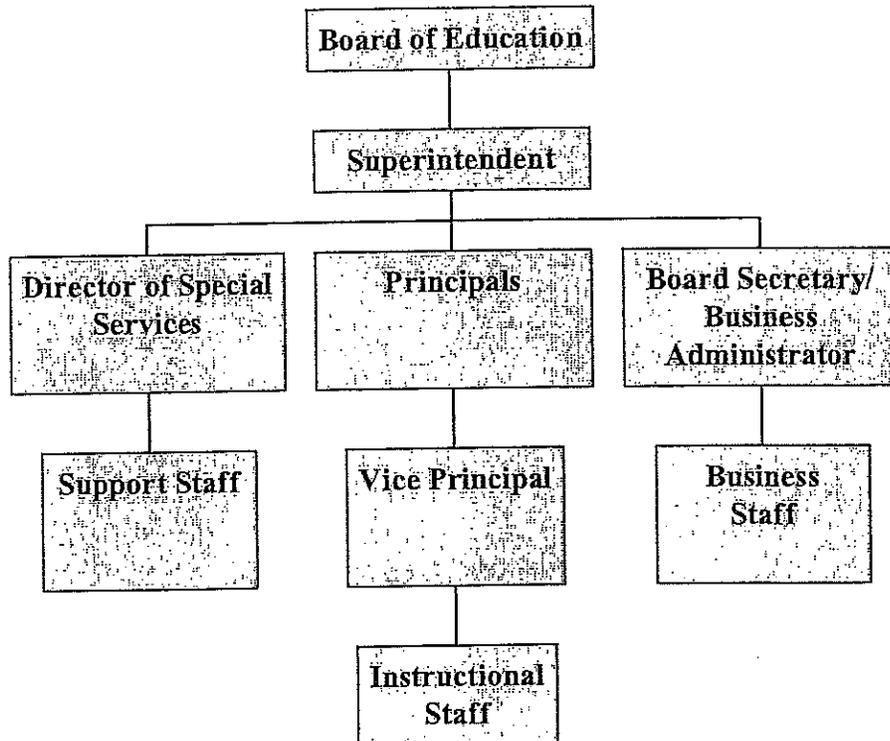


William T. Petrick  
Superintendent/Principal School # 3



Louise B. Davis  
Interim School Business Admin./Board Secretary

**LITTLE FALLS BOARD OF EDUCATION**  
**Organizational Chart**  
**(Unit Control)**



**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2012**

| <b><u>Members of the Board of Education</u></b> | <b><u>Term Expires</u></b> |
|---|----------------------------|
| Daniel A. Gronda, President                     | 2014                       |
| Michael O'Connor, Vice President                | 2013                       |
| Janine Veteri Barone                            | 2012                       |
| Peter Bruno                                     | 2012                       |
| John C. Groh                                    | 2012                       |
| Kenneth T. Kimmel                               | 2013                       |
| Allen Y. Lee                                    | 2012                       |
| Wendy A. Madonia                                | 2014                       |
| Joseph Rento                                    | 2013                       |

**Other Officials**

Mr. William T. Petrick, Superintendent

Ms. Louise B. Davis, Interim School Business Admin./Board Secretary

**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**Consultants and Advisors**

**Architect**

DiCara and Rubino  
30 Galesi Drive  
Wayne, New Jersey 07470

**Audit Firm**

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

**Attorney**

Rodney T. Hara, Esq.  
Fogarty & Hara  
16-00 Route 208 South  
Fair Lawn, NJ 07410

**Official Depository**

PNC Bank  
89 Main Street  
Little Falls, NJ 07424

Lakeland Bank  
86 Main Street  
Little Falls, NJ 07424

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

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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 AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Little Falls Board of Education  
Little Falls, 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 Little Falls Board of Education as of and for the fiscal year ended June 30, 2012, 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.

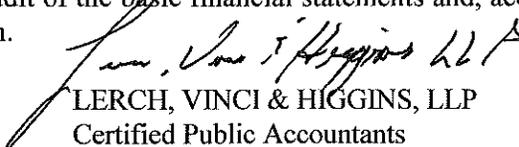
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 Little Falls Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to 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 Little Falls Board of Education as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

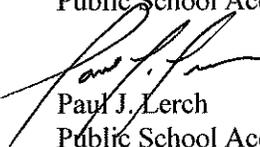
In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2012 on our consideration of the Little Falls Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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 Little Falls Board of Education's basic financial statements as a whole. The introductory section, combining 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. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The combining financial statements and schedules of expenditures of federal awards and state financial assistance have 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 combining financial statements and schedules of expenditures of federal awards and state financial assistance are 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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
September 24, 2012

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012**

This discussion and analysis of the Little Falls School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2012. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for the 2011/12 school year are as follows:

- District-wide - Overall revenues were \$15,016,013. General revenues accounted for \$12,673,951 or 84 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,342,062 or 16 percent of total revenues.
- District-wide - The School District had \$14,293,510 in expenses; only \$2,342,062 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$12,673,951 were adequate to provide for these programs.
- Fund Financial Statements - As of the close of the current fiscal year, the Little Falls Board of Education's governmental funds reported combined ending fund balances of \$2,014,713, an increase of \$416,664 in comparison with the prior year.
- Fund Financial Statements - At the end of June 30, 2012, unassigned fund balance for the General Fund was \$26,296, a decrease of \$55,144 from the previous year.

**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2012**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Little Falls Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Little Falls Board of Education, reporting the Little Falls Board of Education's operation in more detail than the district-wide statements.
  - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
  - Proprietary fund statements offer short and long-term financial information about the activities the Little Falls Board of Education operates like a business.
  - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Figure A-1 summarizes the major features of the Little Falls Board of Education's financial statements, including the portion of the Little Falls Board of Education's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2012**

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

|  | District-Wide Statements   | Governmental Funds   | Proprietary Funds  |
|--|--|--|--|
| Scope                                  | Entire district (except fiduciary funds)   | The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance and food service  | Activities the district operates similar to private businesses                             |
| Required financial statements          | Statements of Net Assets<br>Statement of Activities                                | Balance Sheet<br>Statement of Revenues, Expenditures, and Changes in Fund Balances   | Statement of Net Assets<br>Statement of Revenues, Expenses, and Changes in Fund Net Assets |
| Accounting Basis and Measurement focus | Accrual accounting and economic resources focus                                    | Modified accrual accounting and current financial focus  | Accrual accounting and economic resources focus  |
| Type of asset/liability information    | All assets and liabilities, both financial and capital, short-term and long-term   | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included                      | All assets and liabilities, both financial and capital, and short-term and long-term       |
| Type of inflow/outflow information     | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable. | All revenues and expenses during the year, regardless of when cash is received or paid.    |

**District-wide Statements**

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

The *statement of net assets* presents information on all of the Little Falls Board of Education's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities.

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

**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2012**

**District-wide Statements (Continued)**

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

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund and Inclusive Preschool Fund.

**Fund Financial Statements**

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

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

The District has three kinds of funds:

**Governmental Funds.** The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

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

**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2012**

**Fund Financial Statements (Continued)**

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

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

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

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE LITTLE FALLS BOARD OF EDUCATION AS A WHOLE**

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

Table A-1 provides a summary of the school district's net assets at June 30, 2012 and 2011.

**Net assets.** The District's combined net assets were \$5,557,132 on June 30, 2012 and \$4,834,629 on June 30, 2011. (See Table A-1).

By far the largest portion of the District's net assets (70 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The majority of the restricted portion of net assets represents the capital reserve which is reserved for capital expenditures.

**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2012**

**Table A-1  
Statement of Net Assets  
As of June 30, 2012 and 2011**

|  | <b>Governmental</b> |                     | <b>Business-Type</b> |                    | <b>Total</b>        |                     |
|--|---------------------|---------------------|----------------------|--------------------|---------------------|---------------------|
|  | <b>Activities</b>   |                     | <b>Activities</b>    |                    |                     |                     |
|  | <b><u>2012</u></b>  | <b><u>2011</u></b>  | <b><u>2012</u></b>   | <b><u>2011</u></b> | <b><u>2012</u></b>  | <b><u>2011</u></b>  |
| Current and Other Assets                           | \$ 2,186,190        | \$ 1,887,352        | \$ 112,164           | \$ 130,407         | \$ 2,298,354        | \$ 2,017,759        |
| Capital Assets                                     | <u>5,687,829</u>    | <u>5,604,399</u>    | <u>442</u>           | <u>884</u>         | <u>5,688,271</u>    | <u>5,605,283</u>    |
| <b>Total Assets</b>                                | <u>7,874,019</u>    | <u>7,491,751</u>    | <u>112,606</u>       | <u>131,291</u>     | <u>7,986,625</u>    | <u>7,623,042</u>    |
| Long-Term Liabilities                              | 2,246,593           | 2,482,440           |                      |                    | 2,246,593           | 2,538,447           |
| Other Liabilities                                  | <u>149,110</u>      | <u>249,966</u>      | <u>33,790</u>        | <u>56,007</u>      | <u>182,900</u>      | <u>305,973</u>      |
| <b>Total Liabilities</b>                           | <u>2,395,703</u>    | <u>2,732,406</u>    | <u>33,790</u>        | <u>56,007</u>      | <u>2,429,493</u>    | <u>2,844,420</u>    |
| Net Assets:  |                     |                     |                      |                    |                     |                     |
| Invested in capital assets, net<br>of related debt | 3,912,433           | 3,645,134           | 442                  | 884                | 3,912,875           | 3,646,018           |
| Restricted   | 1,017,535           | 931,018             |                      |                    | 1,017,535           | 931,018             |
| Unrestricted                                       | <u>548,348</u>      | <u>183,193</u>      | <u>78,374</u>        | <u>74,400</u>      | <u>626,722</u>      | <u>257,593</u>      |
| <b>Total Net Assets</b>                            | <u>\$ 5,478,316</u> | <u>\$ 4,759,345</u> | <u>\$ 78,816</u>     | <u>\$ 75,284</u>   | <u>\$ 5,557,132</u> | <u>\$ 4,834,629</u> |

**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2012**

**Governmental activities.** Governmental activities increased the District's net assets by \$718,971. Key elements of this increase are as follows:

Table A-2  
Changes in Net Assets  
For the Fiscal Years Ended June 30, 2012 and 2011

|  | <u>Governmental</u><br><u>Activities</u> |                     | <u>Business-Type</u><br><u>Activities</u> |                  | <u>Total</u>        |                     |
|--|--|---------------------|---|------------------|---------------------|---------------------|
|  | <u>2012</u>                              | <u>2011</u>         | <u>2012</u>                               | <u>2011</u>      | <u>2012</u>         | <u>2011</u>         |
| <b>Revenues</b>                                    |  |                     |   |                  |                     |                     |
| Program Revenues                                   |  |                     |   |                  |                     |                     |
| Charges for Services                               | \$ 109,782                               | \$ 257,695          | \$ 189,471                                | \$ 172,975       | \$ 299,253          | \$ 430,670          |
| Operating Grants and Contributions                 | 1,951,744                                | 1,765,174           | 91,065                                    | 67,597           | 2,042,809           | 1,832,771           |
| General Revenues                                   |  |                     |   |                  |                     |                     |
| Property Taxes                                     | 12,579,478                               | 12,347,116          |   |                  | 12,579,478          | 12,347,116          |
| Other  | 94,165                                   | 38,532              | 308                                       | 402              | 94,473              | 38,934              |
| <b>Total Revenues</b>                              | <u>14,735,169</u>                        | <u>14,408,517</u>   | <u>280,844</u>                            | <u>240,974</u>   | <u>15,016,013</u>   | <u>14,649,491</u>   |
| <b>Expenses</b>                                    |  |                     |   |                  |                     |                     |
| Instruction  |  |                     |   |                  |                     |                     |
| Regular  | 5,617,550                                | 5,120,002           |   |                  | 5,617,550           | 5,120,002           |
| Special Education                                  | 3,005,060                                | 3,195,971           |   |                  | 3,005,060           | 3,195,971           |
| Other Instruction                                  | 177,692                                  | 266,115             |   |                  | 177,692             | 266,115             |
| School Sponsored Activities and Ath.               | 59,276                                   | 43,368              |   |                  | 59,276              | 43,368              |
| Support Services                                   |  |                     |   |                  |                     |                     |
| Student and Instruction Related Serv.              | 2,185,634                                | 2,157,528           |   |                  | 2,185,634           | 2,157,528           |
| General Administrative Services                    | 408,476                                  | 394,455             |   |                  | 408,476             | 394,455             |
| School Administrative Services                     | 567,107                                  | 631,840             |   |                  | 567,107             | 631,840             |
| Plant Operations and Maintenance                   | 1,090,995                                | 1,069,624           |   |                  | 1,090,995           | 1,069,624           |
| Pupil Transportation                               | 495,664                                  | 494,498             |   |                  | 495,664             | 494,498             |
| Central Services                                   | 346,694                                  | 308,143             |   |                  | 346,694             | 308,143             |
| Food Services                                      |  |                     | 220,312                                   | 206,366          | 220,312             | 206,366             |
| Inclusive Preschool                                |  |                     | 65,000                                    | 46,500           | 65,000              | 46,500              |
| Interest on Long-Term Debt                         | 54,050                                   | 97,182              | -   | -                | 54,050              | 97,182              |
| <b>Total Expenses</b>                              | <u>14,008,198</u>                        | <u>13,778,726</u>   | <u>285,312</u>                            | <u>252,866</u>   | <u>14,293,510</u>   | <u>14,031,592</u>   |
| Increase/(Decrease) in Net Assets Before Transfers | 726,971                                  | 629,791             | (4,468)                                   | (11,892)         | 722,503             | 617,899             |
| Transfers  | (8,000)                                  | (18,000)            | 8,000                                     | 18,000           | -                   | -                   |
| Change in Net Assets                               | 718,971                                  | 611,791             | 3,532                                     | 6,108            | 722,503             | 617,899             |
| Net Assets, Beginning of Year                      | 4,759,345                                | 4,147,554           | 75,284                                    | 69,176           | 4,834,629           | 4,216,730           |
| Net Assets, End of Year                            | <u>\$ 5,478,316</u>                      | <u>\$ 4,759,345</u> | <u>\$ 78,816</u>                          | <u>\$ 75,284</u> | <u>\$ 5,557,132</u> | <u>\$ 4,834,629</u> |

**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2012**

**Governmental activities.** The District's total governmental revenues were \$14,735,169. The local share of the revenues, that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$12,673,643 or 86% of total revenues. Funding from state and federal sources amounted to \$1,951,744 or 13%. Charges for services amounted to \$109,782 or 1%.

The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$8,859,578 (63%), student and other support services totaled \$5,094,570 (36%) and interest on long-term debt total \$54,050 (1%) of total expenditures. (See Table A-4.)

Table A-3 Revenues by Source – Governmental Activities  
For Fiscal Year 2012

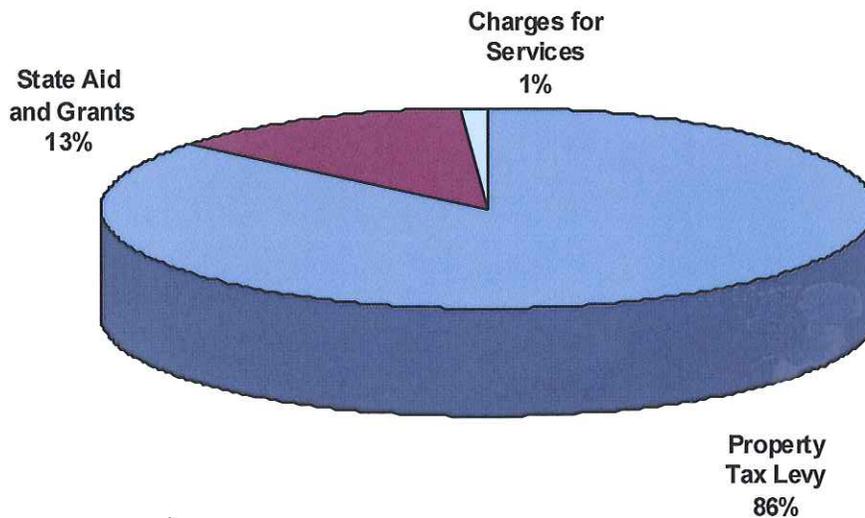
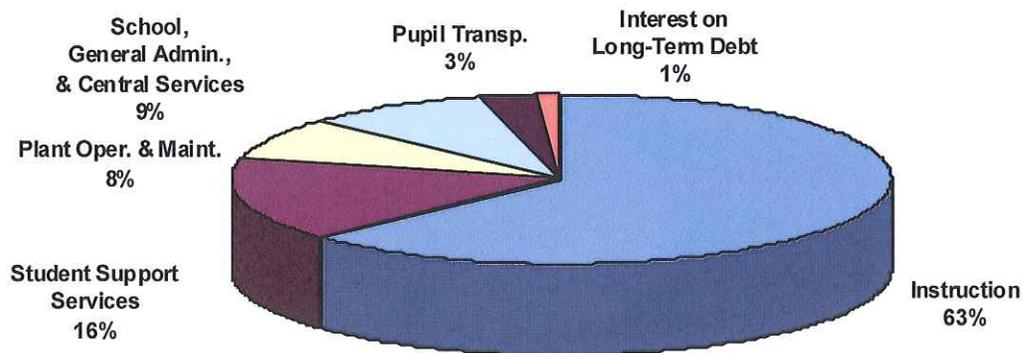


Table A-4 Expenditures by Type- Governmental Activities  
For Fiscal Year 2012



**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2012**

**Table A-5  
Cost of Services and Net Cost of Services of Governmental Activities  
For the Fiscal Years Ended June 30, 2012 and 2011**

| <u>Functions/Programs</u>                 | <u>Cost of Services</u>  |                          | <u>Net Cost of Services</u> |                          |
|---|--------------------------|--------------------------|-----------------------------|--------------------------|
|   | <u>2012</u>              | <u>2011</u>              | <u>2012</u>                 | <u>2011</u>              |
| Governmental Activities                   |                          |                          |                             |                          |
| Instruction                               |                          |                          |                             |                          |
| Regular                                   | \$ 5,617,550             | \$ 5,120,002             | \$ 4,933,616                | \$ 4,579,470             |
| Special Education                         | 3,005,060                | 3,195,971                | 1,962,764                   | 2,018,263                |
| Other Instruction                         | 177,692                  | 266,115                  | 128,206                     | 232,229                  |
| School Sponsored Activities and Athletics | 59,276                   | 43,368                   | 59,276                      | 43,368                   |
| Support Services                          |                          |                          |                             |                          |
| Student and Instruction Related Svcs.     | 2,185,634                | 2,157,528                | 1,972,140                   | 1,974,065                |
| General Administrative Services           | 408,476                  | 394,455                  | 382,686                     | 369,036                  |
| School Administrative Services            | 567,107                  | 631,840                  | 529,642                     | 596,545                  |
| Plant Operations and Maintenance          | 1,090,995                | 1,069,624                | 1,090,995                   | 1,069,624                |
| Pupil Transportation                      | 495,664                  | 494,498                  | 486,603                     | 467,932                  |
| Central Services                          | 346,694                  | 308,143                  | 346,694                     | 308,143                  |
| Interest on Long-Term Debt                | 54,050                   | 97,182                   | 54,050                      | 97,182                   |
| <br>Total Governmental Activities         | <br><u>\$ 14,008,198</u> | <br><u>\$ 13,778,726</u> | <br><u>\$ 11,946,672</u>    | <br><u>\$ 11,755,857</u> |

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2012 was \$285,312. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-2). The operations resulted in an increase in net assets of \$3,532.

**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2012**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

As the District completed the 2011/12 fiscal year, its governmental funds reported a combined fund balance of \$2,014,713. As of June 30, 2011 the fund balance was \$1,598,049.

**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 \$14,735,169 and expenditures were \$14,310,505 for the fiscal year ended June 30, 2012.

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 funds revenues for the fiscal years ended June 30, 2012 and 2011.

|                    | <u>Year Ended</u><br><u>June 30, 2012</u> | <u>Year Ended</u><br><u>June 30, 2011</u> | <u>Amount of</u><br><u>Increase</u><br><u>(Decrease)</u> | <u>Percent</u><br><u>Increase</u><br><u>(Decrease)</u> |
|--------------------|---|---|--|--|
| Local Sources      | \$ 12,783,425                             | \$ 12,631,768                             | \$ 151,657   | 1%   |
| State Sources      | 1,640,606                                 | 1,361,402                                 | 279,204  | 21%  |
| Federal Sources    | 311,138                                   | 415,347                                   | (104,209)  | -25%   |
| <br>Total Revenues | <br><u>\$ 14,735,169</u>                  | <br><u>\$ 14,408,517</u>                  | <br><u>\$ 326,652</u>                                    | <br>2%   |

**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2012**

The following schedule presents a summary of governmental fund expenditures for the fiscal years ended June 30, 2012 and 2011.

|                            | <u>Year Ended</u><br><u>June 30, 2012</u> | <u>Year Ended</u><br><u>June 30, 2011</u> | <u>Amount of</u><br><u>Increase</u><br><u>(Decrease)</u> | <u>Percent</u><br><u>Increase</u><br><u>(Decrease)</u> |
|----------------------------|---|---|--|--|
| Instruction                | \$ 8,739,827                              | \$ 8,379,673                              | \$ 360,154   | 4%   |
| Undistributed              | 4,994,574                                 | 4,986,849                                 | 7,725  | 0%   |
| Capital Outlay             | 332,381                                   |   | 332,381  | 100%   |
| Debt Service               |   |   |  |  |
| Principal                  | 195,047                                   | 166,900                                   | 28,147   | 17%  |
| Interest and other charges | 48,676                                    | 228,370                                   | (179,694)  | -79%   |
|                            | <u>\$ 14,310,505</u>                      | <u>\$ 13,761,792</u>                      | <u>\$ 548,713</u>  | 4%   |

**General and Special Revenue Fund**

**Budgetary Highlights**

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

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

**Capital Assets and Debt Administration.** The Little Falls Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2012 amounts to \$5,688,271 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and building improvements, construction in progress and machinery and equipment.

**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2012**

**Table A-6  
Capital Assets (net of depreciation)  
as of June 30, 2012 and 2011**

|                                     | Governmental<br>Activities |                            | Business-Type<br>Activities |                      | Total                      |                            |
|-------------------------------------|----------------------------|----------------------------|-----------------------------|----------------------|----------------------------|----------------------------|
|                                     | <u>2012</u>                | <u>2011</u>                | <u>2012</u>                 | <u>2011</u>          | <u>2012</u>                | <u>2011</u>                |
| Land                                | \$ 29,415                  | \$ 29,415                  |                             |                      | \$ 29,415                  | \$ 29,415                  |
| Land Improvements                   | 1,676,797                  | 1,403,021                  |                             |                      | 1,676,797                  | 1,403,021                  |
| Buildings and Building Improvements | 7,459,411                  | 7,431,911                  |                             |                      | 7,459,411                  | 7,431,911                  |
| Machinery and Equipment             | <u>866,336</u>             | <u>835,231</u>             | <u>\$ 33,228</u>            | <u>\$ 33,228</u>     | <u>899,564</u>             | <u>868,459</u>             |
| <b>Total</b>                        | <b>10,031,959</b>          | <b>9,699,578</b>           | <b>33,228</b>               | <b>33,228</b>        | <b>10,065,187</b>          | <b>9,732,806</b>           |
| Less: Accumulated Depreciation      | <u>4,344,130</u>           | <u>4,095,179</u>           | <u>32,786</u>               | <u>32,344</u>        | <u>4,376,916</u>           | <u>4,127,523</u>           |
| <b>Total</b>                        | <b><u>\$ 5,687,829</u></b> | <b><u>\$ 5,604,399</u></b> | <b><u>\$ 442</u></b>        | <b><u>\$ 884</u></b> | <b><u>\$ 5,688,271</u></b> | <b><u>\$ 5,605,283</u></b> |

Additional information on Little Falls Board of Education's capital assets can be found in Note 3C of this report.

**Debt Administration.** As of June 30, 2012 and 2011 the school district had long-term debt and outstanding long-term liabilities in the amount of \$2,245,757 and \$2,481,395, respectively, as stated in Table A-7.

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

|                      | <u>2012</u>                | <u>2011</u>                |
|----------------------|----------------------------|----------------------------|
| Bonds Payable        | \$ 1,820,000               | \$ 1,995,000               |
| Capital Leases       | -                          | 20,047                     |
| Compensated Absences | <u>425,757</u>             | <u>466,348</u>             |
| <b>Total</b>         | <b><u>\$ 2,245,757</u></b> | <b><u>\$ 2,481,395</u></b> |

The District has outstanding general obligation serial bonds in the amount of \$1,820,000. These bonds were used to finance the facilities acquisitions and construction services at Schools #1, #2 and #3. The capital leases are comprised of copiers. The compensated absences represent the District's liability for unused accrued sick leave.

Additional information on Little Falls Board of Education's long-term debt can be found in Note 3F of this report.

**LITTLE FALLS BOARD OF EDUCATION  
LITTLE FALLS, NEW JERSEY**

**Management's Discussion and Analysis (continued)  
For the Fiscal Year Ended June 30, 2012**

**FOR THE FUTURE**

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

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report or need additional information, contact the School Business Administrator at the Little Falls Board of Education, 560 Main St., Little Falls, NJ 07424.

**BASIC FINANCIAL STATEMENTS**

**LITTLE FALLS BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2012**

| <b>ASSETS</b>                                   | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>        |
|---|------------------------------------|-------------------------------------|---------------------|
| Cash and Cash Equivalents                       | \$ 1,870,038                       | \$ 206,891                          | \$ 2,076,929        |
| Receivables, net                                |                                    |                                     |                     |
| Receivables from Other Governments              | 99,851                             | 4,554                               | 104,405             |
| Other Accounts Receivable                       | 67,361                             | 985                                 | 68,346              |
| Internal Balances                               | 103,500                            | (103,500)                           |                     |
| Inventory                                       |                                    | 3,234                               | 3,234               |
| Deferred Charges                                | 45,440                             |                                     | 45,440              |
| Capital Assets, net                             |                                    |                                     |                     |
| Not Being Depreciated                           | 29,415                             |                                     | 29,415              |
| Being Depreciated, Net                          | 5,658,414                          | 442                                 | 5,658,856           |
| Total Assets                                    | <u>7,874,019</u>                   | <u>112,606</u>                      | <u>7,986,625</u>    |
| <br><b>LIABILITIES</b>                          |                                    |                                     |                     |
| Accounts Payable                                | 126,030                            | 33,790                              | 159,820             |
| Unearned Revenue                                | 7                                  |                                     | 7                   |
| Accrued Interest Payable                        | 23,073                             |                                     | 23,073              |
| Noncurrent Liabilities                          |                                    |                                     |                     |
| Due Within One Year                             | 194,937                            |                                     | 194,937             |
| Due Beyond One Year                             | 2,051,656                          | -                                   | 2,051,656           |
| Total Liabilities                               | <u>2,395,703</u>                   | <u>33,790</u>                       | <u>2,429,493</u>    |
| <br><b>NET ASSETS</b>                           |                                    |                                     |                     |
| Invested in Capital Assets, Net of Related Debt | 3,912,433                          | 442                                 | 3,912,875           |
| Restricted for:                                 |                                    |                                     |                     |
| Capital Reserves                                | 1,013,085                          |                                     | 1,013,085           |
| Debt Service                                    | 4,450                              |                                     | 4,450               |
| Unrestricted                                    | 548,348                            | 78,374                              | 626,722             |
| Total Net Assets                                | <u>\$ 5,478,316</u>                | <u>\$ 78,816</u>                    | <u>\$ 5,557,132</u> |

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

LITTLE FALLS BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| 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  | \$ 5,617,550     | \$                   | 683,934                            |                                  | \$ (4,933,616)                                  |                          | \$ (4,933,616) |
| Special Education                                | 3,005,060        | 109,782              | 932,514                            |                                  | (1,962,764)                                     |                          | (1,962,764)    |
| Other Instruction                                | 177,692          |                      | 49,486                             |                                  | (128,206)                                       |                          | (128,206)      |
| School Sponsored Activities                      | 59,276           |                      |                                    |                                  | (59,276)  |                          | (59,276)       |
| Support Services:                                |                  |                      |                                    |                                  |   |                          |                |
| Student and Instruction Related Services         | 2,185,634        |                      | 213,494                            |                                  | (1,972,140)                                     |                          | (1,972,140)    |
| School Administrative Services                   | 567,107          |                      | 37,465                             |                                  | (529,642)                                       |                          | (529,642)      |
| General Administrative Services                  | 408,476          |                      | 25,790                             |                                  | (382,686)                                       |                          | (382,686)      |
| Plant Operations and Maintenance                 | 1,090,995        |                      |                                    |                                  | (1,090,995)                                     |                          | (1,090,995)    |
| Pupil Transportation                             | 495,664          |                      | 9,061                              |                                  | (486,603)                                       |                          | (486,603)      |
| Central Services                                 | 346,694          |                      |                                    |                                  | (346,694)                                       |                          | (346,694)      |
| Interest on Long-Term Debt                       | 54,050           |                      |                                    |                                  | (54,050)  |                          | (54,050)       |
| Total Governmental Activities                    | 14,008,198       | 109,782              | 1,951,744                          |                                  | (11,946,672)                                    |                          | (11,946,672)   |
| Business-Type Activities:                        |                  |                      |                                    |                                  |   |                          |                |
| Food Service                                     | 220,312          | 121,221              | 91,065                             |                                  |   | \$ (8,026)               | (8,026)        |
| Inclusive Preschool                              | 65,000           | 68,250               |                                    |                                  |   | 3,250                    | 3,250          |
| Total Business-Type Activities                   | 285,312          | 189,471              | 91,065                             |                                  |   | (4,776)                  | (4,776)        |
| Total Primary Government                         | \$ 14,293,510    | \$ 299,253           | \$ 2,042,809                       | \$                               | (11,946,672)                                    | (4,776)                  | (11,951,448)   |
| General Revenues and Transfers:                  |                  |                      |                                    |                                  |   |                          |                |
| Taxes:   |                  |                      |                                    |                                  |   |                          |                |
| Property Taxes, levied for general purposes, net |                  |                      |                                    |                                  | 12,355,802                                      |                          | 12,355,802     |
| Taxes Levied for Debt Service                    |                  |                      |                                    |                                  | 223,676   |                          | 223,676        |
| Miscellaneous Income                             |                  |                      |                                    |                                  | 94,165  | 308                      | 94,473         |
| Transfers  |                  |                      |                                    |                                  | (8,000)   | 8,000                    |                |
| Total General Revenues and Transfers             |                  |                      |                                    |                                  | 12,665,643                                      | 8,308                    | 12,673,951     |
| Change in Net Assets                             |                  |                      |                                    |                                  | 718,971   | 3,532                    | 722,503        |
| Net Assets—Beginning of Year                     |                  |                      |                                    |                                  | 4,759,345                                       | 75,284                   | 4,834,629      |
| Net Assets—End of Year                           |                  |                      |                                    |                                  | \$ 5,478,316                                    | \$ 78,816                | \$ 5,557,132   |

**FUND FINANCIAL STATEMENTS**

**LITTLE FALLS BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2012**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|----------------------------------|---|
| <b>ASSETS</b>  |                         |                                     |                                  |   |
| Cash and Cash Equivalents  | \$ 1,865,588            |                                     | \$ 4,450                         | \$ 1,870,038                            |
| Receivables From Other Governments                                       | 63,332                  | \$ 36,519                           |                                  | 99,851                                  |
| Other Receivables  | 4,188                   |                                     |                                  | 4,188                                   |
| Due from Other Funds   | <u>188,545</u>          | <u>-</u>                            | <u>-</u>                         | <u>188,545</u>                          |
| <b>Total Assets</b>  | <u>\$ 2,121,653</u>     | <u>\$ 36,519</u>                    | <u>\$ 4,450</u>                  | <u>\$ 2,162,622</u>                     |
| <b>LIABILITIES AND FUND BALANCES</b>                                     |                         |                                     |                                  |   |
| Liabilities:   |                         |                                     |                                  |   |
| Accounts Payable   | \$ 103,390              | \$ 22,640                           |                                  | \$ 126,030                              |
| Due to Other Funds   | 8,000                   | 13,872                              |                                  | 21,872                                  |
| Deferred Revenue   | <u>-</u>                | <u>7</u>                            | <u>-</u>                         | <u>7</u>                                |
| <b>Total Liabilities</b>   | <u>111,390</u>          | <u>36,519</u>                       | <u>-</u>                         | <u>147,909</u>                          |
| Fund Balance:  |                         |                                     |                                  |   |
| Restricted   |                         |                                     |                                  |   |
| Reserved Excess Surplus Designated for<br>Subsequent Year's Expenditures | 300,741                 |                                     |                                  | 300,741                                 |
| Excess Surplus   | 294,397                 |                                     |                                  | 294,397                                 |
| Capital Reserve  | 1,013,085               |                                     |                                  | 1,013,085                               |
| Emergency Reserve  | 202,005                 |                                     |                                  | 202,005                                 |
| Debt Service   |                         |                                     | \$ 4,450                         | 4,450                                   |
| Committed  |                         |                                     |                                  |   |
| Year-end Encumbrances  | 29,852                  |                                     |                                  | 29,852                                  |
| Assigned   |                         |                                     |                                  |   |
| Year-end Encumbrances  | 143,887                 |                                     |                                  | 143,887                                 |
| Unassigned   |                         |                                     |                                  |   |
| General Fund   | <u>26,296</u>           | <u>-</u>                            | <u>-</u>                         | <u>26,296</u>                           |
| <b>Total Fund Balances</b>   | <u>2,010,263</u>        | <u>-</u>                            | <u>4,450</u>                     | <u>2,014,713</u>                        |
| <b>Total Liabilities and Fund Balances</b>                               | <u>\$ 2,121,653</u>     | <u>\$ 36,519</u>                    | <u>\$ 4,450</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 \$10,031,959 and the accumulated depreciation is \$4,344,130.

5,687,829

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

(23,073)

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

|                                 |                  |
|---------------------------------|------------------|
| Bonds Payable, Net              | \$ (1,820,836)   |
| Deferred Charges-               |                  |
| Unamortized Bond Issuance Costs | 45,440           |
| Compensated Absence             | <u>(425,757)</u> |

(2,201,153)

Net assets of governmental activities

\$ 5,478,316

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

**LITTLE FALLS BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|----------------------------------|---|
| <b>REVENUES</b>                                      |                         |                                     |                                  |   |
| Local Sources:                                       |                         |                                     |                                  |   |
| Property Tax Levy                                    | \$ 12,355,802           |                                     | \$ 223,676                       | \$ 12,579,478                           |
| Tuition  | 109,782                 |                                     |                                  | 109,782                                 |
| Miscellaneous  | 89,715                  | -                                   | 4,450                            | 94,165                                  |
| Total - Local Sources                                | <u>12,555,299</u>       | <u>-</u>                            | <u>228,126</u>                   | <u>12,783,425</u>                       |
| State Sources  | 1,640,606               |                                     |                                  | 1,640,606                               |
| Federal Sources                                      | 38,421                  | \$ 272,717                          | -                                | 311,138                                 |
| Total Revenues                                       | <u>14,234,326</u>       | <u>272,717</u>                      | <u>228,126</u>                   | <u>14,735,169</u>                       |
| <b>EXPENDITURES</b>                                  |                         |                                     |                                  |   |
| Current:   |                         |                                     |                                  |   |
| Regular Instruction                                  | 5,466,906               | 76,862                              |                                  | 5,543,768                               |
| Special Education Instruction                        | 2,764,550               | 193,784                             |                                  | 2,958,334                               |
| Other Instruction                                    | 176,378                 | 2,071                               |                                  | 178,449                                 |
| School Sponsored Activities and Athletics            | 59,276                  |                                     |                                  | 59,276                                  |
| Support Services and Undistributed Costs:            |                         |                                     |                                  |   |
| Student and Instruction Related Services             | 2,146,189               |                                     |                                  | 2,146,189                               |
| School Administrative Services                       | 550,871                 |                                     |                                  | 550,871                                 |
| General Administrative Services                      | 387,348                 |                                     |                                  | 387,348                                 |
| Plant Operations and Maintenance                     | 1,077,038               |                                     |                                  | 1,077,038                               |
| Pupil Transportation                                 | 494,594                 |                                     |                                  | 494,594                                 |
| Central Services                                     | 338,534                 |                                     |                                  | 338,534                                 |
| Debt Service:  |                         |                                     |                                  |   |
| Principal  | 20,047                  |                                     | 175,000                          | 195,047                                 |
| Interest and other charges                           |                         |                                     | 48,676                           | 48,676                                  |
| Capital Outlay                                       | 332,381                 | -                                   | -                                | 332,381                                 |
| Total Expenditures                                   | <u>13,814,112</u>       | <u>272,717</u>                      | <u>223,676</u>                   | <u>14,310,505</u>                       |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>420,214</u>          | <u>-</u>                            | <u>4,450</u>                     | <u>424,664</u>                          |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                         |                                     |                                  |   |
| Transfers Out  | (8,000)                 | -                                   | -                                | (8,000)                                 |
| Total Other Financing Sources and (Uses)             | <u>(8,000)</u>          | <u>-</u>                            | <u>-</u>                         | <u>(8,000)</u>                          |
| Net Change in Fund Balances                          | 412,214                 | -                                   | 4,450                            | 416,664                                 |
| Fund Balance, Beginning of Year                      | <u>1,598,049</u>        | <u>-</u>                            | <u>-</u>                         | <u>1,598,049</u>                        |
| Fund Balance, End of Year                            | <u>\$ 2,010,263</u>     | <u>\$ -</u>                         | <u>\$ 4,450</u>                  | <u>\$ 2,014,713</u>                     |

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

**LITTLE FALLS BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Total net change in fund balances - governmental funds (from B-2)** \$ 416,664

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

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

|                      |            |        |
|----------------------|------------|--------|
|                      | \$ 332,381 |        |
| Capital Outlay       |            |        |
| Depreciation expense | (248,951)  |        |
|                      |            | 83,430 |

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

|                         |         |         |
|-------------------------|---------|---------|
|                         | 175,000 |         |
| Bond Principal          |         |         |
| Capital Lease Principal | 20,047  |         |
|                         |         | 195,047 |

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

|   |          |          |
|---|----------|----------|
|   | 7,344    |          |
| Amortization of Bond Premium                  |          |          |
| Amortization of Deferred Amounts on Refunding | (7,135)  |          |
| Amortization of Cost of Issuance              | (11,387) |          |
|   |          | (11,178) |

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)

|                                      |  |         |
|--------------------------------------|--|---------|
|                                      |  | (5,583) |
| Increase in Accrued Interest Payable |  |         |

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). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

|  |  |        |
|--|--|--------|
|  |  | 40,591 |
|--|--|--------|

**Change in net assets of governmental activities (Exhibit A-2)** \$ 718,971

**LITTLE FALLS BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2012**

|                                    | <u>Business-Type Activities - Enterprise Funds</u> |                                |                  |
|------------------------------------|--|--------------------------------|------------------|
|                                    | <u>Food Services</u>                               | <u>Inclusive<br/>Preschool</u> | <u>Total</u>     |
| <b>ASSETS</b>                      |  |                                |                  |
| Current Assets                     |  |                                |                  |
| Cash and Cash Equivalents          | \$ 30,376  | \$ 176,515                     | \$ 206,891       |
| Intergovernmental Receivable       |  |                                |                  |
| State                              | 164  |                                | 164              |
| Federal                            | 4,390  |                                | 4,390            |
| Inventory                          | 3,234  |                                | 3,234            |
| Due From Other Funds               | 8,000  |                                | 8,000            |
| Other Receivable                   | -  | 985                            | 985              |
|                                    | <u>46,164</u>                                      | <u>177,500</u>                 | <u>223,664</u>   |
| Noncurrent Assets                  |  |                                |                  |
| Furniture, Machinery and Equipment | 33,228   |                                | 33,228           |
| Less: Accumulated Depreciation     | <u>(32,786)</u>                                    | <u>-</u>                       | <u>(32,786)</u>  |
|                                    | <u>442</u>   | <u>-</u>                       | <u>442</u>       |
| Total Assets                       | <u>46,606</u>                                      | <u>177,500</u>                 | <u>224,106</u>   |
| <b>LIABILITIES</b>                 |  |                                |                  |
| Current Liabilities                |  |                                |                  |
| Accounts Payable                   | 33,790   |                                | 33,790           |
| Due to Other Funds                 | -  | 111,500                        | 111,500          |
|                                    | <u>33,790</u>                                      | <u>111,500</u>                 | <u>145,290</u>   |
| <b>NET ASSETS</b>                  |  |                                |                  |
| Invested in Capital Assets         | 442  |                                | 442              |
| Unrestricted                       | <u>12,374</u>                                      | <u>66,000</u>                  | <u>78,374</u>    |
| Total Net Assets                   | <u>\$ 12,816</u>                                   | <u>\$ 66,000</u>               | <u>\$ 78,816</u> |

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

**LITTLE FALLS BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|                                       | <u>Business-Type Activities - Enterprise Funds</u> |                                |                  |
|---------------------------------------|--|--------------------------------|------------------|
|                                       | <u>Food Services</u>                               | <u>Inclusive<br/>Preschool</u> | <u>Total</u>     |
| <b>OPERATING REVENUES</b>             |  |                                |                  |
| Charges for Services                  |  |                                |                  |
| Daily Sales                           | \$ 121,221   |                                | \$ 121,221       |
| Tuition Charges                       | -  | \$ 68,250                      | 68,250           |
|                                       | <hr/>  | <hr/>                          | <hr/>            |
| Total Operating Revenues              | 121,221  | 68,250                         | 189,471          |
| <b>OPERATING EXPENSES</b>             |  |                                |                  |
| Cost of Food                          | 166,263  |                                | 166,263          |
| Salaries and Wages                    | 49,178   | 65,000                         | 114,178          |
| Supplies and Materials                | 3,091  |                                | 3,091            |
| Other Expense                         | 1,338  |                                | 1,338            |
| Depreciation                          | 442  | -                              | 442              |
|                                       | <hr/>  | <hr/>                          | <hr/>            |
| Total Operating Expenses              | 220,312  | 65,000                         | 285,312          |
| Operating Income (Loss)               | <hr/>  | <hr/>                          | <hr/>            |
|                                       | (99,091)   | 3,250                          | (95,841)         |
| <b>NONOPERATING REVENUES</b>          |  |                                |                  |
| State Sources                         |  |                                |                  |
| State School Lunch Program            | 2,898  |                                | 2,898            |
| Federal Sources                       |  |                                |                  |
| National School Lunch Program         | 68,572   |                                | 68,572           |
| USDA Commodity Program                | 19,595   |                                | 19,595           |
| Interest and Investment Revenue       | 11   | 297                            | 308              |
|                                       | <hr/>  | <hr/>                          | <hr/>            |
| Total Nonoperating Revenues           | 91,076   | 297                            | 91,373           |
| Change in Net Assets Before Transfers | (8,015)  | 3,547                          | (4,468)          |
| Transfers In                          | 8,000  | -                              | 8,000            |
| Change in Net Assets                  | (15)   | 3,547                          | 3,532            |
| Total Net Assets - Beginning of Year  | 12,831   | 62,453                         | 75,284           |
| Total Net Assets - End of Year        | <u>\$ 12,816</u>                                   | <u>\$ 66,000</u>               | <u>\$ 78,816</u> |

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

**LITTLE FALLS BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  | <u>Business-Type Activities - Enterprise Funds</u> |                                |                   |
|--|--|--------------------------------|-------------------|
|  | <u>Food Services</u>                               | <u>Inclusive<br/>Preschool</u> | <u>Total</u>      |
| <b>Cash Flows from Operating Activities</b>  |  |                                |                   |
| Cash Received from Customers   | \$ 121,221   | \$ 67,810                      | \$ 189,031        |
| Cash Payments for Employees' Salaries and Benefits   | (49,178)   | -                              | (49,178)          |
| Cash Payments to Suppliers for Goods and Services  | (129,747)  | -                              | (129,747)         |
| Net Cash Provided by (Used for ) Operating Activities  | <u>(57,704)</u>                                    | <u>67,810</u>                  | <u>10,106</u>     |
| <b>Cash Flows from Noncapital Financing Activities</b>   |  |                                |                   |
| Cash Received from State and Federal Subsidy Reimbursements  | <u>71,203</u>                                      | <u>-</u>                       | <u>71,203</u>     |
| Net Cash Provided by Noncapital Financing Activities   | <u>71,203</u>                                      | <u>-</u>                       | <u>71,203</u>     |
| <b>Cash Flows from Investing Activities</b>  |  |                                |                   |
| Interest on Investments  | <u>11</u>  | <u>297</u>                     | <u>308</u>        |
| Net Cash Provided by Investing Activities  | <u>11</u>  | <u>297</u>                     | <u>308</u>        |
| Net Increase in Cash and Cash Equivalents  | 13,510   | 68,107                         | 81,617            |
| Cash and Cash Equivalents, Beginning of Year   | <u>16,866</u>                                      | <u>108,408</u>                 | <u>125,274</u>    |
| Cash and Cash Equivalents, End of Year   | <u>\$ 30,376</u>                                   | <u>\$ 176,515</u>              | <u>\$ 206,891</u> |
| <b>Reconciliation of Operating (Loss) / Income to Net Cash<br/>(Used) / Provided by Operating Activities</b> |  |                                |                   |
| Operating (Loss) / Income  | \$ (99,091)  | \$ 3,250                       | \$ (95,841)       |
| Adjustments to Reconcile Operating Loss to<br>Net Cash (Used) / Provided by Operating Activities             |  |                                |                   |
| Non-Cash Federal Assistance - USDA Commodity Program   | 19,595   |                                | 19,595            |
| (Increase) Decrease in Other Accounts Receivable   |  | (440)                          | (440)             |
| (Increase) Decrease in Inventory   | (2,933)  |                                | (2,933)           |
| Increase (Decrease) in Accounts Payable  | 24,283   |                                | 24,283            |
| Increase (Decrease) in Due to Other Funds  |  | 65,000                         | 65,000            |
| Depreciation   | <u>442</u>   | <u>-</u>                       | <u>442</u>        |
| Total Adjustments  | <u>41,387</u>                                      | <u>64,560</u>                  | <u>105,947</u>    |
| Net Cash (Used) / Provided by Operating Activities   | <u>\$ (57,704)</u>                                 | <u>\$ 67,810</u>               | <u>\$ 10,106</u>  |
| <b>Non-Cash Investing, Capital and Financial Activities</b>  |  |                                |                   |
| Value Received - Food Distribution Program   | \$ 19,595  |                                |                   |

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

**LITTLE FALLS BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2012**

|   | <b>Unemployment<br/>Compensation<br/><u>Trust Fund</u></b> | <b><u>Agency Fund</u></b> |
|---|--|---------------------------|
| <b>ASSETS</b>   |  |                           |
| Cash and Cash Equivalents                                   | \$ 188,468   | \$ 82,777                 |
| Total Assets  | <u>188,468</u>   | <u>\$ 82,777</u>          |
| <b>LIABILITIES</b>  |  |                           |
| Payroll Deductions and Withholdings                         |  | \$ 5,124                  |
| Accrued Salaries and Wages                                  |  | 122                       |
| Due to State of New Jersey                                  | 3,578  |                           |
| Due to Student Groups                                       |  | 14,358                    |
| Due to Other Funds  | <u>-</u>   | <u>63,173</u>             |
| Total Liabilities   | <u>3,578</u>   | <u>\$ 82,777</u>          |
| <b>NET ASSETS</b>   |  |                           |
| Held In Trust For Unemployment<br>Claims and Other Purposes | <u>\$ 184,890</u>  |                           |

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

**LITTLE FALLS BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|                               | <b>Unemployment<br/>Compensation<br/><u>Trust Fund</u></b> |
|-------------------------------|--|
| <b>ADDITIONS</b>              |  |
| Contributions                 |  |
| Employee                      | \$ <u>15,211</u>   |
| Total Contributions           | <u>15,211</u>  |
| Investment Earnings:          |  |
| Interest                      | <u>382</u>   |
| Net Investment Earnings       | <u>382</u>   |
| Total Additions               | <u>15,593</u>  |
| <b>DEDUCTIONS</b>             |  |
| Other Expenses                | <u>20,035</u>  |
| Total Deductions              | <u>20,035</u>  |
| Change in Net Assets          | (4,442)  |
| Net Assets, Beginning of Year | <u>189,332</u>   |
| Net Assets, End of Year       | <u>\$ 184,890</u>  |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Little Falls Board of Education this includes general operations, food service, inclusive preschool 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. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. 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.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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 fund financial statements are provided for governmental, proprietary and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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

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

The *inclusive preschool fund* accounts for the activities of a preschool program for regular and special education children.

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.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

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 and inclusive preschool program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**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 2009-2011 and 2011-2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> 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.

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**3. *Inventories***

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

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

**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.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u>                  | <u>Years</u> |
|--------------------------------|--------------|
| Land Improvements              | 20           |
| Buildings                      | 20-50        |
| Building Improvements          | 20           |
| Heavy Equipment                | 10-20        |
| Office Equipment and Furniture | 7-10         |
| Computer Equipment             | 5            |

**5. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Long-Term Obligations*

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

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

7. *Fund Equity*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

*Reserved Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that is required to be appropriated in the 2013/2014 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.)

*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 balances restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**7. Fund Equity (Continued)**

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

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

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

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

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

**8. Reclassifications**

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption 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 2011/2012. During 2011/2012 the Board increased the original budget by \$174,270. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 7, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law.

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

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

**B. Capital Reserve**

A capital reserve account was established by the District on October 3, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2012 is as follows:

|                                       |               |                     |
|---------------------------------------|---------------|---------------------|
| Balance, July 1, 2011                 |               | \$ 931,018          |
| Increased by                          |               |                     |
| Deposits Approved by Board Resolution | \$ 399,676    |                     |
| Interest                              | <u>3,000</u>  |                     |
| Total Increases                       |               | 402,676             |
| Withdrawals                           |               |                     |
| Approved by Voters in District Budget | 287,500       |                     |
| Approved by Board Resolution          | <u>33,109</u> |                     |
| Total Withdrawals                     |               | <u>320,609</u>      |
| Balance, June 30, 2012                |               | <u>\$ 1,013,085</u> |

The June 30, 2012 LRF balance of local support costs of uncompleted capital projects is \$1,784,524. The withdrawals from capital reserve were for use in a department approved facilities projects, consistent with the district's long range facilities plan.

**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, 2012 is \$595,138. Of this amount, \$300,741 was designated and appropriated in the 2012/2013 original budget certified for taxes and the remaining amount of \$294,397 will be appropriated in the 2013/2013 original budget certified for taxes.

**D. Transfers to Capital Outlay**

During the 2011/2012 school year, the district transferred \$52,109 to the capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project previously approved by the voters and the state in the budget certified for taxes pursuant to N.J.A.C. 6A:23-8.4 and approved by the County Superintendent to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h).

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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 the lesser 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, 2012, the book value of the Board's deposits was \$2,348,174 and bank balances of the Board's cash and deposits amounted to \$2,642,333. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

| <u>Depository Account</u> | <u>Bank<br/>Balance</u> |
|---------------------------|-------------------------|
| Insured                   | \$ <u>2,642,333</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, 2012, none of the Board's bank balance was exposed to custodial credit risk.

**Investments**

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

As of June 30, 2012, the Board had no outstanding investments.

**B. Receivables**

Receivables as of June 30, 2012 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|                                       | <u>General</u>   | <u>Special<br/>Revenue</u> | <u>Food<br/>Service</u> | <u>Inclusive<br/>Preschool</u> | <u>Total</u>      |
|---------------------------------------|------------------|----------------------------|-------------------------|--------------------------------|-------------------|
| Receivables:                          |                  |                            |                         |                                |                   |
| Intergovernmental                     | \$ 63,332        | \$ 36,519                  | \$ 4,554                |                                | \$ 104,405        |
| Other                                 | <u>4,188</u>     | <u>-</u>                   | <u>-</u>                | <u>\$ 985</u>                  | <u>5,173</u>      |
| Gross Receivables                     | 67,520           | 36,519                     | 4,554                   | 985                            | 109,578           |
| Less: Allowance for<br>Uncollectibles | <u>-</u>         | <u>-</u>                   | <u>-</u>                | <u>-</u>                       | <u>-</u>          |
| Net Total Receivables                 | <u>\$ 67,520</u> | <u>\$ 36,519</u>           | <u>\$ 4,554</u>         | <u>\$ 985</u>                  | <u>\$ 109,578</u> |

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables (Continued)**

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

|                               | <u>Unearned</u> |
|-------------------------------|-----------------|
| Special Revenue Fund          |                 |
| Unencumbered Grant Draw Downs | \$ <u>7</u>     |

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

|  | <u>Balance,<br/>July 1, 2011</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance,<br/>June 30, 2012</u> |
|--|----------------------------------|------------------|------------------|-----------------------------------|
| <b>Governmental activities:</b>              |                                  |                  |                  |                                   |
| Capital Assets, Not Being Depreciated:       |                                  |                  |                  |                                   |
| Land   | \$ 29,415                        | -                | -                | \$ 29,415                         |
| Total Capital Assets, Not Being Depreciated  | <u>29,415</u>                    | <u>-</u>         | <u>-</u>         | <u>29,415</u>                     |
| Capital Assets, Being Depreciated:           |                                  |                  |                  |                                   |
| Land Improvements                            | 1,403,021                        | \$ 273,776       |                  | 1,676,797                         |
| Buildings and Building Improvements          | 7,431,911                        | 27,500           |                  | 7,459,411                         |
| Machinery and Equipment                      | 835,231                          | 31,105           | -                | 866,336                           |
| Total Capital Assets Being Depreciated       | <u>9,670,163</u>                 | <u>332,381</u>   | <u>-</u>         | <u>10,002,544</u>                 |
| Less Accumulated Depreciation for:           |                                  |                  |                  |                                   |
| Land Improvements                            | (423,772)                        | (82,129)         |                  | (505,901)                         |
| Buildings and Improvements                   | (2,921,131)                      | (129,019)        |                  | (3,050,150)                       |
| Machinery and Equipment                      | (750,276)                        | (37,803)         | -                | (788,079)                         |
| Total Accumulated Depreciation               | <u>(4,095,179)</u>               | <u>(248,951)</u> | <u>-</u>         | <u>(4,344,130)</u>                |
| Total Capital Assets, Being Depreciated, Net | <u>5,574,984</u>                 | <u>83,430</u>    | <u>-</u>         | <u>5,658,414</u>                  |
| Governmental Activities Capital Assets, Net  | <u>\$ 5,604,399</u>              | <u>\$ 83,430</u> | <u>\$ -</u>      | <u>\$ 5,687,829</u>               |

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

**Business-Type Activities:**

Capital Assets, Being Depreciated:

|  |                 |                 |             |                 |
|--|-----------------|-----------------|-------------|-----------------|
| Machinery and Equipment                      | \$ 33,228       | -               | -           | \$ 33,228       |
| Total Capital Assets Being Depreciated       | <u>33,228</u>   | <u>-</u>        | <u>-</u>    | <u>33,228</u>   |
| Less Accumulated Depreciation For:           |                 |                 |             |                 |
| Machinery and Equipment                      | (32,344)        | \$ (442)        | -           | (32,786)        |
| Total Accumulated Depreciation               | <u>(32,344)</u> | <u>(442)</u>    | <u>-</u>    | <u>(32,786)</u> |
| Total Capital Assets, Being Depreciated, Net | <u>884</u>      | <u>(442)</u>    | <u>-</u>    | <u>442</u>      |
| Business-Type Activities Capital Assets, Net | <u>\$ 884</u>   | <u>\$ (442)</u> | <u>\$ -</u> | <u>\$ 442</u>   |

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

**Governmental Activities:**

Instruction

|                   |              |
|-------------------|--------------|
| Regular           | \$ 112,127   |
| Special           | 45,857       |
| Other Instruction | <u>4,531</u> |

Total Instruction 162,515

Support Services

|                                     |              |
|-------------------------------------|--------------|
| Support Services-Students           | 45,185       |
| General Administration              | 6,871        |
| School Administration               | 14,116       |
| Operations and Maintenance of Plant | 13,344       |
| Student Transportation              | 1,070        |
| Business and Other Support Services | <u>5,850</u> |

Total Support Services 86,436

Total Depreciation Expense - Governmental Activities \$ 248,951

**Business-Type Activities:**

|                   |               |
|-------------------|---------------|
| Food Service Fund | <u>\$ 442</u> |
|-------------------|---------------|

Total Depreciation Expense-Business-Type Activities \$ 442

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2012, is as follows:

**Due To/From Other Funds**

| <u>Receivable Fund</u>       | <u>Payable Fund</u>                 | <u>Amount</u>     |
|------------------------------|-------------------------------------|-------------------|
| General Fund                 | Special Revenue                     | \$ 13,872         |
| General Fund                 | Inclusive Preschool Enterprise Fund | 111,500           |
| General Fund                 | Agency Fund                         | 63,173            |
| Food Service Enterprise Fund | General Fund                        | <u>8,000</u>      |
| Total                        |                                     | <u>\$ 196,545</u> |

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

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

**Interfund Transfers**

|                               |                         |
|-------------------------------|-------------------------|
|                               | Transfer<br>In          |
|                               | <u>Food<br/>Service</u> |
| Transfer Out:<br>General Fund | <u>\$ 8,000</u>         |

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

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Leases**

**Operating Leases**

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2012 were \$17,580. The future minimum lease payments for these operating leases are as follows:

| <u>Fiscal<br/>Year Ending June 30</u> | <u>Amount</u>    |
|---------------------------------------|------------------|
| 2013                                  | \$ 19,178        |
| 2014                                  | 19,178           |
| 2015                                  | 19,178           |
| 2016                                  | 19,178           |
| 2017                                  | <u>1,600</u>     |
| Total                                 | <u>\$ 78,312</u> |

**Capital Leases**

The District is leasing copiers totaling \$72,842 under capital leases. The balance of the lease was paid off as of June 30, 2012.

The capital assets acquired through capital leases are as follows:

|                         | <u>Governmental<br/>Activities</u> |
|-------------------------|------------------------------------|
| Machinery and Equipment | <u>\$ 72,842</u>                   |
| Total                   | <u>\$ 72,842</u>                   |

**F. 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, 2012 are comprised of the following issues:

|   |                    |
|---|--------------------|
| \$1,850,000, 2012 Refunding Bonds, due in annual installments of \$30,000 to \$190,000 through August 1, 2021, interest at 2.00% to 4.00% | <u>\$1,820,000</u> |
|   | <u>\$1,820,000</u> |

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**General Obligation Bonds (Continued)**

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

**Governmental Activities:**

| Fiscal<br>Year Ended<br><u>June 30,</u> | <u>Serial Bonds</u> |                   | <u>Total</u>        |
|---|---------------------|-------------------|---------------------|
|   | <u>Principal</u>    | <u>Interest</u>   |                     |
| 2013                                    | \$ 165,000          | \$ 55,375         | \$ 220,375          |
| 2014                                    | 175,000             | 52,075            | 227,075             |
| 2015                                    | 175,000             | 48,138            | 223,138             |
| 2016                                    | 185,000             | 43,981            | 228,981             |
| 2017                                    | 190,000             | 39,125            | 229,125             |
| 2018-2022                               | <u>930,000</u>      | <u>103,556</u>    | <u>1,033,556</u>    |
|   | <u>\$ 1,820,000</u> | <u>\$ 342,250</u> | <u>\$ 2,162,250</u> |

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

|   |                      |
|---|----------------------|
| 3% of Equalized Valuation Basis (Municipal) | \$ 57,097,672        |
| Less: Net Debt                              | <u>1,820,000</u>     |
| Remaining Borrowing Power                   | <u>\$ 55,277,672</u> |

**Advance and Current Refundings of Debt**

On April 17, 2011, the District issued \$1,850,000 in School District Refunding Bonds having an interest rate of 2.00% to 4.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various School District Bonds of the District. The total bond principal defeased was \$1,785,000 and the total interest payments defeased was \$103,258. The net proceeds of \$1,826,492 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$41,492. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

|  | Balance,<br>July 1, 2011 | <u>Additions</u> | <u>Reductions</u> | Balance,<br>June 30, 2012 | Due<br>Within<br><u>One Year</u> |
|--|--------------------------|------------------|-------------------|---------------------------|----------------------------------|
| <b>Governmental Activities:</b>                |                          |                  |                   |                           |                                  |
| Bonds Payable                                  | \$ 1,995,000             |                  | \$ 175,000        | \$ 1,820,000              | \$ 165,000                       |
| Deferred Amounts:                              |                          |                  |                   |                           |                                  |
| Add: Original Issue Premium                    | 36,653                   |                  | 7,344             | 29,309                    |                                  |
| Less: Loss on Refunding                        | (35,608)                 | -                | (7,135)           | (28,473)                  | -                                |
| <b>Total Bonds Payable</b>                     | <b>1,996,045</b>         | <b>-</b>         | <b>175,209</b>    | <b>1,820,836</b>          | <b>165,000</b>                   |
| Capital Leases Payable                         | 20,047                   |                  | 20,047            | -                         |                                  |
| Compensated Absences                           | 466,348                  | \$ 9,346         | 49,937            | 425,757                   | 29,937                           |
| Governmental Activity<br>Long-Term Liabilities | <u>\$ 2,482,440</u>      | <u>\$ 9,346</u>  | <u>\$ 245,193</u> | <u>\$ 2,246,593</u>       | <u>\$ 194,937</u>                |

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur.

The District is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). The Fund is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation, property, auto and general liability claims.

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

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

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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 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:

| Fiscal<br>Year Ended<br>June 30, | Employee<br>Contributions | Amount<br>Reimbursed | Ending<br>Balance |
|----------------------------------|---------------------------|----------------------|-------------------|
| 2012                             | \$ 15,211                 | \$ 20,035            | \$ 184,890        |
| 2011                             | 13,351                    | 29,655               | 189,332           |
| 2010                             |                           | 30,602               | 204,665           |

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2012, 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, 2012, the District had not estimated its arbitrage earnings due to the IRS, if any.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans**

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

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

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

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

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

**Other Pension Funds**

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

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

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

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

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Investment Valuation**

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

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

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**Funding Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 billion.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Funding Status and Funding Progress (Continued)**

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2010 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 5.91 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.5% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the 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.

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Annual Pension Costs (APC) (Continued)**

During the years ended June 30, 2012, 2011 and 2010 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Fiscal<br>Year Ended<br>June 30, | <u>PERS</u> | On-behalf<br><u>TPAF</u> | <u>DCRP</u> |
|----------------------------------|-------------|--------------------------|-------------|
| 2012                             | \$ 167,403  | \$ 195,898               | \$ 8,082    |
| 2011                             | 169,886     | 19,014                   |             |
| 2010                             | 126,307     | 20,033                   |             |

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$195,898 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010 the state contributed \$19,014 and \$20,033, 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 \$479,139 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**E. Post-Retirement Medical Benefits**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2011.

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.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://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. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**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 July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 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.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Funded Status and Funding Progress (Continued)**

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

**Actuarial Methods and Assumptions**

In the July 1, 2010, 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 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

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, 2012, 2011 and 2010 were \$393,807, \$403,868 and \$376,242, 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**

**LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  | <u>Original<br/>Budget</u> | <u>Transfers</u> | <u>Modified<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|------------------|----------------------------|-------------------|---|
| <b>REVENUES</b>  |                            |                  |                            |                   |   |
| Local Sources  |                            |                  |                            |                   |   |
| Property Tax Levy  | \$ 12,355,802              |                  | \$ 12,355,802              | \$ 12,355,802     |   |
| Tuition  | 174,199                    |                  | 174,199                    | 109,782           | \$ (64,417)                                     |
| Interest   | 700                        |                  | 700                        | 5,195             | 4,495   |
| Miscellaneous  | 2,000                      | -                | 2,000                      | 84,520            | 82,520  |
| <b>Total Local Sources</b>                                     | <b>12,532,701</b>          | <b>-</b>         | <b>12,532,701</b>          | <b>12,555,299</b> | <b>22,598</b>                                   |
| State Sources  |                            |                  |                            |                   |   |
| Special Education Aid  | 297,467                    |                  | 297,467                    | 421,245           | 123,778   |
| Extraordinary Aid  | 200,552                    |                  | 200,552                    | 197,864           | (2,688)   |
| Additional Nonpublic Transportation Aid                        |                            |                  |                            | 9,061             | 9,061   |
| On-behalf TPAF Pension System Contribution<br>(Non-Budgeted)   |                            |                  |                            |                   |   |
| Normal   |                            |                  |                            | 176,913           | 176,913   |
| Premium NCGI   |                            |                  |                            | 18,985            | 18,985  |
| Post Retirement Medical Benefits                               |                            |                  |                            | 393,807           | 393,807   |
| On-behalf TPAF Social Security Contributions<br>(Non-budgeted) | -                          | -                | -                          | 479,139           | 479,139   |
| <b>Total State Sources</b>                                     | <b>498,019</b>             | <b>-</b>         | <b>498,019</b>             | <b>1,697,014</b>  | <b>1,198,995</b>                                |
| Federal Sources  |                            |                  |                            |                   |   |
| Semi Medicaid Reimbursement                                    | 9,410                      |                  | 9,410                      | 11,357            | 1,947   |
| Education Jobs Fund  | 26,242                     | \$ 822           | 27,064                     | 27,064            | -   |
| <b>Total Federal Sources</b>                                   | <b>35,652</b>              | <b>822</b>       | <b>36,474</b>              | <b>38,421</b>     | <b>1,947</b>                                    |
| <b>Total Revenues</b>  | <b>13,066,372</b>          | <b>822</b>       | <b>13,067,194</b>          | <b>14,290,734</b> | <b>1,223,540</b>                                |
| <b>EXPENDITURES</b>  |                            |                  |                            |                   |   |
| <b>CURRENT EXPENSE</b>   |                            |                  |                            |                   |   |
| Instruction - Regular Programs                                 |                            |                  |                            |                   |   |
| Salaries of Teachers   |                            |                  |                            |                   |   |
| Kindergarten   | 362,942                    | 45,443           | 408,385                    | 375,712           | 32,673  |
| Grades 1-5   | 2,435,169                  | (170,757)        | 2,264,412                  | 2,264,038         | 374   |
| Grades 6-8   | 1,059,384                  | 44,900           | 1,104,284                  | 1,092,794         | 11,490  |
| Regular Programs - Home Instruction                            |                            |                  |                            |                   |   |
| Salaries of Teachers   | 7,000                      |                  | 7,000                      | 6,070             | 930   |
| Regular Programs - Undistributed Instruction                   |                            |                  |                            |                   |   |
| Purchased Professional Education Svcs.                         | 8,000                      |                  | 8,000                      | 7,888             | 112   |
| Purchased Technical Services                                   | 23,900                     |                  | 23,900                     | 16,704            | 7,196   |
| Other Purchased Services                                       | 105,988                    |                  | 105,988                    | 67,527            | 38,461  |
| General Supplies   | 172,335                    | 110,263          | 282,598                    | 178,211           | 104,387   |
| Textbooks  | 17,603                     | 12,222           | 29,825                     | 24,355            | 5,470   |
| Other Objects  | 1,300                      | -                | 1,300                      | -                 | 1,300   |
| <b>Total Regular Programs</b>                                  | <b>4,193,621</b>           | <b>42,071</b>    | <b>4,235,692</b>           | <b>4,033,299</b>  | <b>202,393</b>                                  |
| Learning and/or Language Disabilities                          |                            |                  |                            |                   |   |
| Salaries of Teachers   | 191,386                    | 4,890            | 196,276                    | 196,020           | 256   |
| Other Salaries for Instruction                                 | 223,617                    | 1,010            | 224,627                    | 221,719           | 2,908   |
| General Supplies   | 1,100                      | -                | 1,100                      | 1,088             | 12  |
| <b>Total Learning and/or Language Disabilities</b>             | <b>416,103</b>             | <b>5,900</b>     | <b>422,003</b>             | <b>418,827</b>    | <b>3,176</b>                                    |

**LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|   | <u>Original<br/>Budget</u> | <u>Transfers</u> | <u>Modified<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|------------------|----------------------------|------------------|---|
| <b>EXPENDITURES</b>                             |                            |                  |                            |                  |   |
| <b>CURRENT EXPENSE (Continued)</b>              |                            |                  |                            |                  |   |
| Multiple Disabilities                           |                            |                  |                            |                  |   |
| Salaries of Teachers                            | \$ 150,498                 | \$ 28,600        | \$ 179,098                 | \$ 179,059       | \$ 39   |
| Other Salaries for Instruction                  | 379,444                    | (1,475)          | 377,969                    | 357,998          | 19,971  |
| Purchased Professional-Educational Svs.         | 19,000                     | (14,500)         | 4,500                      | 4,471            | 29  |
| General Supplies                                | -                          | 300              | 300                        | 203              | 97  |
| Total Multiple Disabilities                     | <u>548,942</u>             | <u>12,925</u>    | <u>561,867</u>             | <u>541,731</u>   | <u>20,136</u>                                   |
| Resource Room/Resource Center                   |                            |                  |                            |                  |   |
| Salaries of Teachers                            | 547,540                    | 1,900            | 549,440                    | 544,198          | 5,242   |
| Other Salaries for Instruction                  | 64,052                     | (12,959)         | 51,093                     | 38,900           | 12,193  |
| Supplies  | 2,500                      | 225              | 2,725                      | 2,485            | 240   |
| Textbooks                                       | 2,000                      | -                | 2,000                      | 2,000            | -   |
| Total Resource Room/Resource Center             | <u>616,092</u>             | <u>(10,834)</u>  | <u>605,258</u>             | <u>587,583</u>   | <u>17,675</u>                                   |
| Preschool Disabilities - Part Time              |                            |                  |                            |                  |   |
| Salaries of Teachers                            | 128,466                    | (20,200)         | 108,266                    | 48,705           | 59,561  |
| Other Salaries for Instruction                  | 16,500                     |                  | 16,500                     | 11,610           | 4,890   |
| Purchased Professional-Educational Svs.         | 19,500                     |                  | 19,500                     | 11,244           | 8,256   |
| General Supplies                                | 2,000                      | -                | 2,000                      | 1,951            | 49  |
| Total Preschool Disabilities - Part Time        | <u>166,466</u>             | <u>(20,200)</u>  | <u>146,266</u>             | <u>73,510</u>    | <u>72,756</u>                                   |
| Preschool Disabilities - Full Time              |                            |                  |                            |                  |   |
| Salaries of Teachers                            | 199,949                    | (153,809)        | 46,140                     | 46,140           |   |
| Purchased Professional-Educational Svs.         | 26,242                     | 822              | 27,064                     | 27,064           |   |
| Other Salaries for Instruction                  | 132,358                    | -                | 132,358                    | 88,713           | 43,645  |
| Total Preschool Disabilities - Full Time        | <u>358,549</u>             | <u>(152,987)</u> | <u>205,562</u>             | <u>161,917</u>   | <u>43,645</u>                                   |
| Basic Skills/Remedial - Instruction             |                            |                  |                            |                  |   |
| Salaries of Teachers                            | 96,744                     | (8,000)          | 88,744                     | 41,552           | 47,192  |
| General Supplies                                | 200                        | 1,000            | 1,200                      | 320              | 880   |
| Total Basic Skills/Remedial - Instruction       | <u>96,944</u>              | <u>(7,000)</u>   | <u>89,944</u>              | <u>41,872</u>    | <u>48,072</u>                                   |
| Bilingual Education                             |                            |                  |                            |                  |   |
| Salaries of Teachers                            | 88,763                     |                  | 88,763                     | 83,776           | 4,987   |
| General Supplies                                | 2,000                      | -                | 2,000                      | 1,999            | 1   |
| Total Bilingual Education                       | <u>90,763</u>              | <u>-</u>         | <u>90,763</u>              | <u>85,775</u>    | <u>4,988</u>                                    |
| School Sponsored Co-Curricular Activities       |                            |                  |                            |                  |   |
| Salaries  | 30,000                     | 11,611           | 41,611                     | 41,610           | 1   |
| Total School Sponsored Co-Curricular Activities | <u>30,000</u>              | <u>11,611</u>    | <u>41,611</u>              | <u>41,610</u>    | <u>1</u>  |
| Total - Instruction                             | <u>6,517,480</u>           | <u>(118,514)</u> | <u>6,398,966</u>           | <u>5,986,124</u> | <u>412,842</u>                                  |

**LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|   | <u>Original<br/>Budget</u> | <u>Transfers</u> | <u>Modified<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|------------------|----------------------------|---------------|---|
| <b>EXPENDITURES</b>   |                            |                  |                            |               |   |
| <b>CURRENT EXPENSE (Continued)</b>                          |                            |                  |                            |               |   |
| Undistributed Expenditures                                  |                            |                  |                            |               |   |
| Instruction   |                            |                  |                            |               |   |
| Tuition to Priv Sch. For Disabled w/in State                | \$ 334,042                 | -                | \$ 334,042                 | \$ 319,120    | \$ 14,922                                       |
| Total Undistributed Expenditures - Instruction              | 334,042                    | -                | 334,042                    | 319,120       | 14,922  |
| Health Services   |                            |                  |                            |               |   |
| Salaries  | 213,352                    | \$ 8,430         | 221,782                    | 220,855       | 927   |
| Purchased Professional and Technical Svs.                   | 21,000                     |                  | 21,000                     | 18,615        | 2,385   |
| Supplies and Materials                                      | 4,000                      | -                | 4,000                      | 3,085         | 915   |
| Total Health Services                                       | 238,352                    | 8,430            | 246,782                    | 242,555       | 4,227   |
| Speech, OT, PT and Related Services                         |                            |                  |                            |               |   |
| Salaries  | 254,742                    | (48,780)         | 205,962                    | 205,908       | 54  |
| Purchased Professional-Educational Services                 |                            | 75,280           | 75,280                     | 74,567        | 713   |
| Supplies and Materials                                      | 4,000                      | 1,480            | 5,480                      | 5,480         | -   |
| Total Speech, OT, PT and Related Services                   | 258,742                    | 27,980           | 286,722                    | 285,955       | 767   |
| Other Support Services - Students - Extra Services          |                            |                  |                            |               |   |
| Salaries  | 3,100                      | 130,660          | 133,760                    | 130,596       | 3,164   |
| Purchased Professional-Educational Services                 | 192,100                    | (52,060)         | 140,040                    | 109,575       | 30,465  |
| Total Other Support Services - Students -<br>Extra Services | 195,200                    | 78,600           | 273,800                    | 240,171       | 33,629  |
| Guidance  |                            |                  |                            |               |   |
| Salaries of Other Professional Staff                        | 57,308                     |                  | 57,308                     | 54,562        | 2,746   |
| Other Purchased Professional-Technical Svs.                 | 3,000                      |                  | 3,000                      | 3,000         | -   |
| Supplies and Materials                                      | 2,200                      | -                | 2,200                      | 1,665         | 535   |
| Total Guidance  | 62,508                     | -                | 62,508                     | 59,227        | 3,281   |
| Child Study Teams   |                            |                  |                            |               |   |
| Salaries of Other Professional Staff                        | 508,282                    |                  | 508,282                    | 501,516       | 6,766   |
| Salaries of Secretarial and Clerical Assistants             | 55,587                     | (481)            | 55,106                     | 54,996        | 110   |
| Other Purchased Professional-Technical Svs.                 | 6,000                      |                  | 6,000                      | 6,000         |   |
| Supplies and Materials                                      | 2,000                      |                  | 2,000                      | 1,976         | 24  |
| Other Objects   | 1,500                      | 481              | 1,981                      | 1,976         | 5   |
| Total Child Study Teams                                     | 573,369                    | -                | 573,369                    | 566,464       | 6,905   |

**LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  | <u>Original<br/>Budget</u> | <u>Transfers</u> | <u>Modified<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|------------------|----------------------------|---------------|---|
| <b>EXPENDITURES</b>                                |                            |                  |                            |               |   |
| <b>CURRENT EXPENSE (Continued)</b>                 |                            |                  |                            |               |   |
| Undistributed Expenditures                         |                            |                  |                            |               |   |
| Improvement of Instruction Services                |                            |                  |                            |               |   |
| Purchased Professional-Educational Services        | \$ 28,800                  | \$ (23,000)      | \$ 5,800                   | \$ 5,776      | \$ 24   |
| Supplies and Materials                             | 1,500                      | -                | 1,500                      | 1,500         | -   |
| Total Improvement of Instruction Services          | 30,300                     | (23,000)         | 7,300                      | 7,276         | 24  |
| Educational Media Services/School Library          |                            |                  |                            |               |   |
| Salaries   | 45,127                     | 45,810           | 90,937                     | 90,936        | 1   |
| Salaries of Technology Coordinators                | 112,445                    | (1,850)          | 110,595                    | 110,415       | 180   |
| Other Purchased Services                           |                            | 1,850            | 1,850                      | 1,850         |   |
| Supplies and Materials                             | 2,500                      | -                | 2,500                      | 2,170         | 330   |
| Total Educational Media Services/School Library    | 160,072                    | 45,810           | 205,882                    | 205,371       | 511   |
| Instructional Staff Training Service               |                            |                  |                            |               |   |
| Purchased Professional - Educational Svcs.         | 10,000                     | (2,000)          | 8,000                      | 4,603         | 3,397   |
| Total Instructional Staff Training Service         | 10,000                     | (2,000)          | 8,000                      | 4,603         | 3,397   |
| Support Services General Administration            |                            |                  |                            |               |   |
| Salaries   | 182,433                    | (17,095)         | 165,338                    | 158,828       | 6,510   |
| Legal Services                                     | 25,000                     | 9,682            | 34,682                     | 34,681        | 1   |
| Audit Fees   | 22,600                     | 20,500           | 43,100                     | 21,846        | 21,254  |
| Other Purchased Professional Services              | 25,000                     | 6,095            | 31,095                     | 31,095        |   |
| Communications/Telephone                           | 17,500                     |                  | 17,500                     | 16,386        | 1,114   |
| BOE Other Purchased Services -Travel               | 11,350                     | (3,438)          | 7,912                      | 6,488         | 1,424   |
| Other Purchased Services                           | 25,000                     | 7,815            | 32,815                     | 30,882        | 1,933   |
| Supplies and Materials                             | 4,000                      | (600)            | 3,400                      | 2,939         | 461   |
| Miscellaneous Expenditures                         | 3,000                      | (25)             | 2,975                      | 1,425         | 1,550   |
| BOE Membership Dues and Fees                       | 6,335                      | 25               | 6,360                      | 6,342         | 18  |
| Total Support Services General Administration      | 322,218                    | 22,959           | 345,177                    | 310,912       | 34,265  |
| Support Services School Administration             |                            |                  |                            |               |   |
| Salaries of Principals/Asst. Principals            | 267,659                    | (36,936)         | 230,723                    | 230,723       |   |
| Salaries of Secretarial and Clerical Assistants    | 148,687                    | 1,325            | 150,012                    | 150,001       | 11  |
| Other Salaries                                     | 2,000                      | 1,446            | 3,446                      | 3,445         | 1   |
| Purchased Professional and Technical Svcs.         | 2,500                      |                  | 2,500                      | 2,312         | 188   |
| Other Purchased Services                           | 7,200                      |                  | 7,200                      | 312           | 6,888   |
| Supplies and Materials                             | 7,200                      | 400              | 7,600                      | 7,435         | 165   |
| Other Objects                                      | 5,800                      | (400)            | 5,400                      | 1,789         | 3,611   |
| Total Support Services School Administration       | 441,046                    | (34,165)         | 406,881                    | 396,017       | 10,864  |
| Undistributed Expenditures - Central Services      |                            |                  |                            |               |   |
| Salaries   | 230,485                    |                  | 230,485                    | 225,433       | 5,052   |
| Purchased Professional Services                    | 500                        | (300)            | 200                        | 150           | 50  |
| Purchased Technical Services                       | 8,100                      | (2,100)          | 6,000                      | 5,830         | 170   |
| Misc. Purchased Services - Travel                  | 1,800                      |                  | 1,800                      | 1,056         | 744   |
| Supplies and Materials                             | 5,500                      | 4,005            | 9,505                      | 9,491         | 14  |
| Other Objects                                      | 1,800                      | (800)            | 1,000                      | 870           | 130   |
| Total Undistributed Expenditures -Central Services | 248,185                    | 805              | 248,990                    | 242,830       | 6,160   |

**LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  | <u>Original<br/>Budget</u> | <u>Transfers</u> | <u>Modified<br/>Budget</u> | <u>Actual</u>  | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|------------------|----------------------------|----------------|---|
| <b>EXPENDITURES</b>  |                            |                  |                            |                |   |
| <b>CURRENT EXPENSE (Continued)</b>                                       |                            |                  |                            |                |   |
| Undist. Expend. - Required Maint. For School Facilities                  |                            |                  |                            |                |   |
| Salaries   | \$ 84,149                  | \$ 1,435         | \$ 85,584                  | \$ 85,411      | \$ 173  |
| Cleaning, Repair, and Maintenance  | 29,000                     | 10,541           | 39,541                     | 29,410         | 10,131  |
| General Supplies   | 30,000                     | (3,505)          | 26,495                     | 23,386         | 3,109   |
| Other Objects  | 900                        | -                | 900                        | 528            | 372   |
|  | <u>144,049</u>             | <u>8,471</u>     | <u>152,520</u>             | <u>138,735</u> | <u>13,785</u>                                   |
| Total Undist. Expend - Required Maint. For School Facilities             |                            |                  |                            |                |   |
| Custodial Services   |                            |                  |                            |                |   |
| Salaries   | 362,837                    | 8,195            | 371,032                    | 369,090        | 1,942   |
| Salaries of Non-Instructional Aides                                      | 45,468                     | (7,900)          | 37,568                     | 22,854         | 14,714  |
| Purchased Professional and Technical Svcs.                               | 6,400                      |                  | 6,400                      | 3,199          | 3,201   |
| Cleaning, Repair, and Maintenance Services                               | 35,000                     | 7,112            | 42,112                     | 35,296         | 6,816   |
| Other Purchased Property Services  | 15,000                     |                  | 15,000                     | 12,040         | 2,960   |
| Insurance  | 50,500                     | 2,068            | 52,568                     | 52,568         |   |
| General Supplies   | 46,000                     | 7,695            | 53,695                     | 41,350         | 12,345  |
| Energy(Heat and Electricity)   | 238,600                    | (23,137)         | 215,463                    | 193,967        | 21,496  |
| Other Objects  | 1,000                      | -                | 1,000                      | 632            | 368   |
|  | <u>800,805</u>             | <u>(5,967)</u>   | <u>794,838</u>             | <u>730,996</u> | <u>63,842</u>                                   |
| Total Custodial Services   |                            |                  |                            |                |   |
| Student Transportation Services  |                            |                  |                            |                |   |
| Salaries for Pupil Transportation (Between Home and School) - Regular    | 13,500                     | 5,408            | 18,908                     | 18,908         |   |
| Salaries for Pupil Transportation (Between Home and School) - Non-Public | 62,618                     |                  | 62,618                     | 62,276         | 342   |
| Management Fee - ESC & CTSA Transportation Prog.                         | 6,000                      | 7,541            | 13,541                     | 11,783         | 1,758   |
| Cleaning, Repair & Maint. Services                                       | 8,000                      | 3,000            | 11,000                     | 10,667         | 333   |
| Contracted Services (Between Home and School) - Vendors                  | 213,360                    | (213,360)        |                            |                |   |
| Contracted Services (Other Than Between Home and School) - Vendors       | 5,000                      |                  | 5,000                      | 2,583          | 2,417   |
| Contracted Services (Between Home and School) - Joint Agreements         | 30,000                     | (9,097)          | 20,903                     | 20,903         |   |
| Contracted Services (Regular Ed. Students)- ESCs & CTSA                  |                            | 201,614          | 201,614                    | 201,001        | 613   |
| Contracted Services (Special Ed. Students)- ESCs & CTSA                  | 67,950                     | 34,802           | 102,752                    | 96,040         | 6,712   |
| Contracted Services-Aid in Lieu of Payments - Non-Public Schools         | 50,000                     | (7,000)          | 43,000                     | 33,592         | 9,408   |
| Miscellaneous Purchased Services-Trans.                                  | 500                        |                  | 500                        | 486            | 14  |
| Supplies and Materials   | 3,500                      | (500)            | 3,000                      | 1,890          | 1,110   |
|  | <u>460,428</u>             | <u>22,408</u>    | <u>482,836</u>             | <u>460,129</u> | <u>22,707</u>                                   |
| Total Student Transportation Services                                    |                            |                  |                            |                |   |

**LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  | <u>Original<br/>Budget</u> | <u>Transfers</u> | <u>Modified<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|------------------|----------------------------|-------------------|---|
| <b>EXPENDITURES</b>  |                            |                  |                            |                   |   |
| <b>CURRENT EXPENSE (Continued)</b>                             |                            |                  |                            |                   |   |
| Unallocated Benefits - Employee Benefits                       |                            |                  |                            |                   |   |
| Social Security Contributions                                  | \$ 169,500                 | \$ 9,231         | \$ 178,731                 | \$ 178,731        |   |
| Other Retirement Contributions-PERS                            | 183,000                    | (15,582)         | 167,418                    | 167,403           | \$ 15   |
| Other Retirement Contributions-DCRP                            |                            | 8,082            | 8,082                      | 8,082             |   |
| Workmen's Compensation   | 77,900                     | (6,415)          | 71,485                     | 71,467            | 18  |
| Health Benefits  | 1,733,476                  | (37,500)         | 1,695,976                  | 1,674,301         | 21,675  |
| Tuition Reimbursement  | 30,000                     | -                | 30,000                     | 29,943            | 57  |
| Other Employee Benefits  | 75,000                     | -                | 75,000                     | 67,142            | 7,858   |
|  | <u>2,268,876</u>           | <u>(42,184)</u>  | <u>2,226,692</u>           | <u>2,197,069</u>  | <u>29,623</u>                                   |
| Total Unallocated Benefits - Employee Benefits                 |                            |                  |                            |                   |   |
| On-behalf TPAF Pension System Contribution<br>(Non-Budget)     |                            |                  |                            | 176,913           | (176,913)                                       |
| NCGI Premium   |                            |                  |                            | 18,985            | (18,985)  |
| Normal   |                            |                  |                            | 393,807           | (393,807)                                       |
| Post Retirement Medical Benefits                               |                            |                  |                            |                   |   |
| On-behalf TPAF Social Security Contributions<br>(Non-budgeted) | -                          | -                | -                          | 479,139           | (479,139)                                       |
|  | <u>-</u>                   | <u>-</u>         | <u>-</u>                   | <u>1,068,844</u>  | <u>(1,068,844)</u>                              |
| Total On-behalf Contributions                                  |                            |                  |                            |                   |   |
| Total Undistributed Expenditures                               | <u>6,548,192</u>           | <u>108,147</u>   | <u>6,656,339</u>           | <u>7,476,274</u>  | <u>(819,935)</u>                                |
| Total Expenditures - Current Expense                           | <u>13,065,672</u>          | <u>(10,367)</u>  | <u>13,055,305</u>          | <u>13,462,398</u> | <u>(407,093)</u>                                |
| <b>CAPITAL OUTLAY</b>  |                            |                  |                            |                   |   |
| Interest Deposit to Emergency Reserve                          | 200                        |                  | 200                        |                   | 200   |
| Interest Deposit to Capital Reserve                            | 500                        | -                | 500                        | -                 | 500   |
|  | <u>700</u>                 | <u>-</u>         | <u>700</u>                 | <u>-</u>          | <u>700</u>                                      |
| Total Interest   |                            |                  |                            |                   |   |
| Equipment  |                            |                  |                            |                   |   |
| Special Education  |                            |                  |                            |                   |   |
| Multiple Disabilities Equipment                                |                            | 4,156            | 4,156                      | 4,156             |   |
| Basic Skills Remedial Equipment                                |                            | 7,000            | 7,000                      | 2,027             | 4,973   |
| Undistributed Expenditures                                     |                            |                  |                            |                   |   |
| Instruction  |                            | 47,733           | 47,733                     |                   | 47,733  |
| Care and Upkeep of Grounds                                     |                            | 6,000            | 6,000                      | 5,922             | 78  |
| Security   | -                          | 3,150            | 3,150                      | -                 | 3,150   |
|  | <u>-</u>                   | <u>68,039</u>    | <u>68,039</u>              | <u>12,105</u>     | <u>55,934</u>                                   |
| Total Equipment  |                            |                  |                            |                   |   |

**LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  | <u>Original<br/>Budget</u> | <u>Transfers</u>    | <u>Modified<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|----------------------------|---------------------|----------------------------|---------------------|---|
| <b>CAPITAL OUTLAY</b>  |                            |                     |                            |                     |   |
| Facilities Acquisition and Construction Serv.  |                            |                     |                            |                     |   |
| Other Purchased Prof and Tech Services   |                            | \$ 46,850           | \$ 46,850                  | \$ 46,850           |   |
| Construction Services  |                            | 278,080             | 278,080                    | 278,080             |   |
| Other Objects - Debt Service Assessment  | \$ 14,679                  | -                   | 14,679                     | 14,679              |   |
| Current Capital Outlay Transfer to Capital Projects  | <u>272,821</u>             | <u>(272,821)</u>    | <u>-</u>                   | <u>-</u>            | <u>-</u>  |
| Total Facilities Acquisition and<br>Construction Serv.   | <u>287,500</u>             | <u>52,109</u>       | <u>339,609</u>             | <u>339,609</u>      | <u>-</u>  |
| Total Capital Outlay   | <u>288,200</u>             | <u>120,148</u>      | <u>408,348</u>             | <u>351,714</u>      | <u>\$ 56,634</u>                                |
| Total Expenditures   | <u>13,353,872</u>          | <u>109,781</u>      | <u>13,463,653</u>          | <u>13,814,112</u>   | <u>(350,459)</u>                                |
| Excess (Deficiency) of Revenues<br>Over/(Under) Expenditures   | <u>(287,500)</u>           | <u>(108,959)</u>    | <u>(396,459)</u>           | <u>476,622</u>      | <u>873,081</u>                                  |
| Other Financing Sources (Uses)<br>Transfers to Enterprise Fund   | <u>-</u>                   | <u>(8,000)</u>      | <u>(8,000)</u>             | <u>(8,000)</u>      | <u>-</u>  |
| Total Other Financing Sources (Uses)   | <u>-</u>                   | <u>(8,000)</u>      | <u>(8,000)</u>             | <u>(8,000)</u>      | <u>-</u>  |
| Excess (Deficiency) of Revenues and Other<br>Financing Sources Over/(Under)<br>Expenditures and Other Financing Sources (Uses) | <u>(287,500)</u>           | <u>\$ (116,959)</u> | <u>(404,459)</u>           | <u>468,622</u>      | <u>\$ 873,081</u>                               |
| Fund Balances, Beginning of Year   | <u>1,779,311</u>           | <u>-</u>            | <u>1,779,311</u>           | <u>1,779,311</u>    | <u>-</u>  |
| Fund Balances, End of Year   | <u>\$ 1,491,811</u>        | <u>\$ (116,959)</u> | <u>\$ 1,374,852</u>        | <u>\$ 2,247,933</u> | <u>\$ 873,081</u>                               |
| <b>Recapitulation:</b>   |                            |                     |                            |                     |   |
| Fund Balance:  |                            |                     |                            |                     |   |
| Restricted   |                            |                     |                            |                     |   |
| Excess Surplus   |                            |                     |                            | \$ 294,397          |   |
| Excess Surplus Designated for Subsequent Year's Expenditures   |                            |                     |                            | 300,741             |   |
| Capital Reserve  |                            |                     |                            | 1,013,085           |   |
| Emergency Reserve  |                            |                     |                            | 202,005             |   |
| Committed  |                            |                     |                            |                     |   |
| Year-end Encumbrances  |                            |                     |                            | 29,852              |   |
| Assigned   |                            |                     |                            |                     |   |
| Year-end Encumbrances  |                            |                     |                            | 143,887             |   |
| Unassigned   |                            |                     |                            | <u>263,966</u>      |   |
|  |                            |                     |                            | 2,247,933           |   |
| Less: State Aid Payment Not Recognized on GAAP   |                            |                     |                            | (39,806)            |   |
| Extraordinary Aid Payment Not Recognized on GAAP   |                            |                     |                            | <u>(197,864)</u>    |   |
| Fund Balance, GAAP Basis   |                            |                     |                            | <u>\$ 2,010,263</u> |   |

**LITTLE FALLS BOARD OF EDUCATION  
GENERAL FUND - EDUCATION JOBS FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Transfers</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance<br/>Final To<br/>Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|---------------|---|
| <b>REVENUES</b>  |                            |                             |                         |               |   |
| Federal Sources  |                            |                             |                         |               |   |
| Education Jobs Fund  | \$ 26,242                  | \$ 822                      | \$ 27,064               | \$ 27,064     | -                                       |
| Total Revenues   | <u>26,242</u>              | <u>822</u>                  | <u>27,064</u>           | <u>27,064</u> | <u>-</u>                                |
| <b>EXPENDITURES</b>  |                            |                             |                         |               |   |
| <b>CURRENT</b>   |                            |                             |                         |               |   |
| Preschool Disabilities - Full Time                           |                            |                             |                         |               |   |
| Purchased Professional - Educational Svs.                    | 26,242                     | 822                         | 27,064                  | 27,064        | -                                       |
| Total Preschool Disabilities - Full Time                     | <u>26,242</u>              | <u>822</u>                  | <u>27,064</u>           | <u>27,064</u> | <u>-</u>                                |
| Total Expenditures   | <u>26,242</u>              | <u>822</u>                  | <u>27,064</u>           | <u>27,064</u> | <u>-</u>                                |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>\$ -</u>                | <u>\$ -</u>                 | <u>\$ -</u>             | <u>\$ -</u>   | <u>\$ -</u>                             |

**LITTLE FALLS BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual         | Variance<br>Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|-----------------------------|
| <b>REVENUES</b>  |                    |                     |                 |                |                             |
| Federal Sources  | \$ 232,707         | \$ 56,489           | \$ 289,196      | \$ 272,717     | \$ (16,479)                 |
| State Sources  | -                  | -                   | -               | -              | -                           |
| <b>Total Revenues</b>  | <u>232,707</u>     | <u>56,489</u>       | <u>289,196</u>  | <u>272,717</u> | <u>(16,479)</u>             |
| <b>EXPENDITURES</b>  |                    |                     |                 |                |                             |
| Instruction  |                    |                     |                 |                |                             |
| Salaries of Teachers   | 64,039             | (11,366)            | 52,673          | 52,673         |                             |
| Purchased Professional Educational Services                  | 163,001            | (163,001)           |                 |                |                             |
| Other Purchased Services                                     |                    | 180,148             | 180,148         | 180,148        |                             |
| General Supplies   | -                  | 25,300              | 25,300          | 16,811         | 8,489                       |
| <b>Total Instruction</b>                                     | <u>227,040</u>     | <u>31,081</u>       | <u>258,121</u>  | <u>249,632</u> | <u>8,489</u>                |
| Support Services   |                    |                     |                 |                |                             |
| Salaries of Teachers   |                    | 2,990               | 2,990           | 2,990          |                             |
| Personal Services- Employee Benefits                         |                    | 6,640               | 6,640           | 6,640          |                             |
| Purchased Professional Educational Services                  | 5,667              | 14,369              | 20,036          | 12,247         | 7,789                       |
| Other Purchased Services                                     |                    | 1,300               | 1,300           |                | 1,300                       |
| Miscellaneous Purchased Services                             | -                  | 109                 | 109             | 1,208          | (1,099)                     |
| <b>Total Support Services</b>                                | <u>5,667</u>       | <u>25,408</u>       | <u>31,075</u>   | <u>23,085</u>  | <u>7,990</u>                |
| <b>Total Expenditures</b>                                    | <u>232,707</u>     | <u>56,489</u>       | <u>289,196</u>  | <u>272,717</u> | <u>16,479</u>               |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | -                  | -                   | -               | -              | -                           |
| Fund Balances, Beginning of Year                             | -                  | -                   | -               | -              | -                           |
| Fund Balances, End of Year                                   | <u>\$ -</u>        | <u>\$ -</u>         | <u>\$ -</u>     | <u>\$ -</u>    | <u>\$ -</u>                 |

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> |
|--|-------------------------|-------------------------------------|
| <b>Sources/Inflows of Resources</b>  |                         |                                     |
| Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)                                     | \$ 14,290,734           | \$ 272,717                          |
| State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2010/2011 State Aid)                              | 181,262                 |                                     |
| State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2011/2012 State Aid)                              | <u>(237,670)</u>        | <u>-</u>                            |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibits B-2)     | <u>\$ 14,234,326</u>    | <u>\$ 272,717</u>                   |
| <b>Uses/Outflows of Resources</b>  |                         |                                     |
| Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)                              | <u>\$ 13,814,112</u>    | <u>\$ 272,717</u>                   |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2) | <u>\$ 13,814,112</u>    | <u>\$ 272,717</u>                   |

**SCHOOL LEVEL SCHEDULES**

**EXHIBITS D-1, D-2 AND D-3**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

LITTLE FALLS BOARD OF EDUCATION  
 SPECIAL REVENUE FUND  
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGETARY BASIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|                                    | NCLB<br>Title I  | NCLB<br>Title II-A | NCLB<br>Title III<br>Immigrant | I.D.E.I.A.<br>Part B<br>Basic | I.D.E.I.A.<br>Part B<br>Preschool | Total             |
|------------------------------------|------------------|--------------------|--------------------------------|-------------------------------|-----------------------------------|-------------------|
| <b>REVENUES</b>                    |                  |                    |                                |                               |                                   |                   |
| Intergovernmental                  |                  |                    |                                |                               |                                   |                   |
| Federal                            | \$ 54,326        | \$ 22,536          | \$ 2,071                       | \$ 183,636                    | \$ 10,148                         | \$ 272,717        |
| State                              | -                | -                  | -                              | -                             | -                                 | -                 |
| <b>Total Revenues</b>              | <b>\$ 54,326</b> | <b>\$ 22,536</b>   | <b>\$ 2,071</b>                | <b>\$ 183,636</b>             | <b>\$ 10,148</b>                  | <b>\$ 272,717</b> |
| <b>EXPENDITURES</b>                |                  |                    |                                |                               |                                   |                   |
| Instruction                        |                  |                    |                                |                               |                                   |                   |
| Salaries of Teachers               | \$ 31,822        | \$ 18,780          | \$ 2,071                       | \$ 170,000                    | \$ 10,148                         | \$ 52,673         |
| Other Purchased Services           | 4,383            | -                  | -                              | 12,428                        | -                                 | 180,148           |
| General Supplies                   |                  |                    |                                |                               |                                   | 16,811            |
| <b>Total Instruction</b>           | <b>36,205</b>    | <b>18,780</b>      | <b>2,071</b>                   | <b>182,428</b>                | <b>10,148</b>                     | <b>249,632</b>    |
| Support Services                   |                  |                    |                                |                               |                                   |                   |
| Salaries of Teachers               | 2,990            |                    |                                |                               |                                   | 2,990             |
| Personal Services-Emp. Benefits    | 2,884            | 3,756              |                                |                               |                                   | 6,640             |
| Purchased Prof. Education Services | 12,247           |                    |                                |                               |                                   | 12,247            |
| Other Purchased Services           | -                |                    |                                | 1,208                         |                                   | 1,208             |
| <b>Total Support Services</b>      | <b>18,121</b>    | <b>3,756</b>       | <b>-</b>                       | <b>1,208</b>                  | <b>-</b>                          | <b>23,085</b>     |
| <b>Total Expenditures</b>          | <b>\$ 54,326</b> | <b>\$ 22,536</b>   | <b>\$ 2,071</b>                | <b>\$ 183,636</b>             | <b>\$ 10,148</b>                  | <b>\$ 272,717</b> |

**LITTLE FALLS BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

THIS SCHEDULE IS NOT APPLICABLE

**CAPITAL PROJECTS FUND**

**LITTLE FALLS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**

**NOT APPLICABLE**

**ENTERPRISE FUNDS**

**EXHIBIT G-1**

**LITTLE FALLS BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2012**

**NOT APPLICABLE**

**EXHIBIT G-2**

**PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**EXHIBIT G-3**

**PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**FIDUCIARY FUNDS**

**LITTLE FALLS BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY NET ASSETS  
AS OF JUNE 30, 2012**

|                                     | <u>Student</u>   | <u>Agency</u>    | <u>Total</u>     |
|-------------------------------------|------------------|------------------|------------------|
|                                     | <u>Activity</u>  | <u>Payroll</u>   | <u>Total</u>     |
| <b>ASSETS</b>                       |                  |                  |                  |
| Cash                                | \$ 14,358        | \$ 68,419        | \$ 82,777        |
| Total Assets                        | <u>\$ 14,358</u> | <u>\$ 68,419</u> | <u>\$ 82,777</u> |
| <b>LIABILITIES</b>                  |                  |                  |                  |
| Payroll Deductions and Withholdings |                  | \$ 5,124         | \$ 5,124         |
| Accrued Salaries and Wages          |                  | 122              | 122              |
| Due to Student Groups               | \$ 14,358        |                  | 14,358           |
| Due to Other Funds                  | <u>-</u>         | <u>63,173</u>    | <u>63,173</u>    |
| Total Liabilities                   | <u>\$ 14,358</u> | <u>\$ 68,419</u> | <u>\$ 82,777</u> |

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**LITTLE FALLS BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

| <u>School</u>             | <u>Balance<br/>July 1, 2011</u> | <u>Cash<br/>Receipts</u> | <u>Cash<br/>Disbursements</u> | <u>Balance,<br/>June 30, 2012</u> |
|---------------------------|---------------------------------|--------------------------|-------------------------------|-----------------------------------|
| <b>ELEMENTARY SCHOOLS</b> |                                 |                          |                               |                                   |
| School #1                 | \$ 11,261                       | \$ 58,142                | \$ 56,509                     | \$ 12,894                         |
| School #2                 | 40                              | 4,857                    | 4,832                         | 65                                |
| School #3                 | 1,025                           | 6,009                    | 5,635                         | 1,399                             |
|                           | <u>\$ 12,326</u>                | <u>\$ 69,008</u>         | <u>\$ 66,976</u>              | <u>\$ 14,358</u>                  |

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|                                     | <u>Balance,<br/>July 1,<br/>2011</u> | <u>Cash<br/>Receipts</u> | <u>Cash<br/>Disbursements</u> | <u>Balance,<br/>June 30,<br/>2012</u> |
|-------------------------------------|--------------------------------------|--------------------------|-------------------------------|---------------------------------------|
| Due to/from Other Funds             | \$ (22,511)                          | \$ 88,401                | \$ 2,717                      | \$ 63,173                             |
| Payroll Deductions and Withholdings | 128,387                              | 3,721,871                | 3,845,134                     | 5,124                                 |
| Accrued Salaries and Wages          | 122                                  | 5,762,390                | 5,762,390                     | 122                                   |
|                                     | <u>\$ 105,998</u>                    | <u>\$ 9,572,662</u>      | <u>\$ 9,610,241</u>           | <u>\$ 68,419</u>                      |

**LONG-TERM DEBT**



LITTLE FALLS BOARD OF EDUCATION  
 LONG-TERM DEBT  
 STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| <u>Series</u>                  | Interest<br>Rate | Amount of<br>Original<br>Issue | Balance,<br>July 1, 2011 | Issued   | Retirements      | Balance,<br>June 30, 2012 |
|--------------------------------|------------------|--------------------------------|--------------------------|----------|------------------|---------------------------|
| 2008 Savin Digital Copiers (8) | N/A              | \$ 72,842                      | \$ 20,047                | -        | \$ 20,047        | -                         |
|                                |                  |                                | <u>\$ 20,047</u>         | <u>-</u> | <u>\$ 20,047</u> | <u>-</u>                  |

LITTLE FALLS BOARD OF EDUCATION  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

|  | Original<br>Budget | Transfers | Final<br>Budget | Actual   | Variance with<br>Final Budget |
|--|--------------------|-----------|-----------------|----------|-------------------------------|
| REVENUES   |                    |           |                 |          |                               |
| Local Sources  |                    |           |                 |          |                               |
| Local Tax Levy   | \$ 223,676         | -         | 223,676         | 223,676  |                               |
| Miscellaneous  | -                  | -         | -               | 4,450    | \$ 4,450                      |
| Total Revenues   | 223,676            | -         | 223,676         | 228,126  | 4,450                         |
| EXPENDITURES   |                    |           |                 |          |                               |
| Regular Debt Service   |                    |           |                 |          |                               |
| Interest   | 48,676             | -         | 48,676          | 48,676   |                               |
| Principal  | 175,000            | -         | 175,000         | 175,000  |                               |
| Total Expenditures   | 223,676            | -         | 223,676         | 223,676  | -                             |
| Excess (Deficiency) of Revenues<br>Over/(Under) Expenditures | -                  | -         | -               | 4,450    | 4,450                         |
| Excess of Revenues Over Expenditures                         | -                  | -         | -               | 4,450    | 4,450                         |
| Fund Balance, Beginning of Year                              | -                  | -         | -               | -        | -                             |
| Fund Balance, End of Year                                    | \$ -               | \$ -      | \$ -            | \$ 4,450 | \$ 4,450                      |

## STATISTICAL SECTION

This part of the Little Falls 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.

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

|  | 2004                | 2005                | 2006                | 2007                | 2008                | 2009                | 2010                | 2011                | 2012                |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  |                     |                     |                     | (Restated)          |                     |                     |                     |                     |                     |
| <b>Governmental Activities</b>                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Invested in Capital Assets, Net of Related Debt  | \$ 2,430,915        | \$ 2,566,456        | \$ 2,962,621        | \$ 3,271,187        | \$ 3,060,740        | \$ 3,509,356        | \$ 3,720,730        | \$ 3,645,134        | \$ 3,912,433        |
| Restricted                                       | 10,580              | 281,563             | 415,560             | 92,441              | 442,441             | 565,426             | 426,750             | 931,018             | 1,017,535           |
| Unrestricted                                     | 515,400             | 663,003             | 681,162             | 876,233             | 690,525             | 131,299             | 74                  | 183,193             | 548,348             |
| <b>Total governmental activities net assets</b>  | <b>\$ 2,956,895</b> | <b>\$ 3,511,022</b> | <b>\$ 4,059,343</b> | <b>\$ 4,239,861</b> | <b>\$ 4,193,706</b> | <b>\$ 4,206,081</b> | <b>\$ 4,147,554</b> | <b>\$ 4,759,345</b> | <b>\$ 5,478,316</b> |
| <b>Business-type activities</b>                  |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Invested in Capital Assets, Net of Related Debt  | \$ 9,078            | \$ 6,247            | \$ 3,416            | \$ 585              | \$ 1,768            | \$ 1,768            | \$ 1,326            | \$ 884              | \$ 442              |
| Restricted                                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Unrestricted                                     | 2,282               | 8,714               | 4,161               | 2,741               | 8,269               | 31,982              | 67,850              | 74,400              | 78,374              |
| <b>Total Business-Type Activities Net Assets</b> | <b>\$ 11,360</b>    | <b>\$ 14,961</b>    | <b>\$ 7,577</b>     | <b>\$ 3,326</b>     | <b>\$ 8,269</b>     | <b>\$ 33,750</b>    | <b>\$ 69,176</b>    | <b>\$ 75,284</b>    | <b>\$ 78,816</b>    |
| <b>District-Wide</b>                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Invested in Capital Assets, Net of Related Debt  | \$ 2,439,993        | \$ 2,572,703        | \$ 2,966,037        | \$ 3,271,772        | \$ 3,060,740        | \$ 3,511,124        | \$ 3,722,056        | \$ 3,646,018        | \$ 3,912,875        |
| Restricted                                       | 10,580              | 281,563             | 415,560             | 92,441              | 442,441             | 565,426             | 426,750             | 931,018             | 1,017,535           |
| Unrestricted                                     | 517,682             | 671,717             | 685,323             | 878,974             | 698,794             | 163,281             | 67,924              | 257,593             | 626,722             |
| <b>Total District-Wide Net Assets</b>            | <b>\$ 2,968,255</b> | <b>\$ 3,525,983</b> | <b>\$ 4,066,920</b> | <b>\$ 4,243,187</b> | <b>\$ 4,201,975</b> | <b>\$ 4,239,831</b> | <b>\$ 4,216,730</b> | <b>\$ 4,834,629</b> | <b>\$ 5,557,132</b> |

Note:  
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine (9) years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

|  | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Expenses</b>                                |               |               |               |               |               |               |               |               |               |
| Governmental activities                        |               |               |               |               |               |               |               |               |               |
| Instruction                                    |               |               |               |               |               |               |               |               |               |
| Regular  | \$ 4,067,073  | \$ 4,425,693  | \$ 4,903,454  | \$ 4,517,836  | \$ 5,078,355  | \$ 4,848,757  | \$ 5,097,365  | \$ 5,120,002  | \$ 5,617,550  |
| Special education                              | 1,494,726     | 1,981,778     | 1,671,736     | 1,998,084     | 2,112,337     | 2,536,565     | 2,890,096     | 3,195,971     | 3,005,060     |
| Other instruction                              | 156,823       | 147,035       | 163,295       | 200,882       | 198,936       | 252,146       | 313,019       | 266,115       | 177,692       |
| School Sponsored Activities and Athletics      | 51,836        | 46,643        | 54,518        | 50,207        | 46,639        | 58,865        | 64,404        | 43,368        | 59,276        |
| Support Services:                              |               |               |               |               |               |               |               |               |               |
| Student & instruction related services         | 1,754,016     | 1,655,573     | 2,022,207     | 2,098,942     | 2,543,975     | 2,182,613     | 2,160,196     | 2,157,528     | 2,185,634     |
| School Administrative services                 | 580,521       | 387,891       | 581,977       | 516,650       | 588,764       | 542,530       | 649,661       | 631,840       | 567,107       |
| General Administration                         | 385,856       | 522,369       | 438,466       | 478,276       | 482,775       | 470,477       | 435,252       | 394,455       | 408,476       |
| Central Services                               |               | 265,827       | 236,897       | 286,010       | 344,592       | 298,703       | 323,753       | 308,143       | 346,694       |
| Plant operations and maintenance               | 845,444       | 875,124       | 1,008,444     | 1,113,434     | 1,207,088     | 1,084,625     | 1,104,511     | 1,069,624     | 1,090,995     |
| Pupil transportation                           | 387,465       | 393,932       | 402,886       | 384,627       | 397,987       | 421,367       | 441,960       | 494,498       | 495,664       |
| Other support services                         | 284,581       |               |               |               |               |               |               |               |               |
| Interest on long-term debt                     | 128,835       | 125,363       | 119,198       | 117,579       | 113,984       | 107,841       | 100,411       | 97,182        | 54,050        |
| Total governmental activities expenses         | 10,137,176    | 10,827,228    | 11,603,078    | 11,762,527    | 13,115,432    | 12,804,489    | 13,580,628    | 13,778,726    | 14,008,198    |
| Business-type activities:                      |               |               |               |               |               |               |               |               |               |
| Food service                                   | 114,970       | 107,057       | 113,007       | 121,662       | 126,205       | 120,790       | 160,851       | 206,366       | 220,312       |
| Inclusive Preschool                            |               |               |               |               | 12,779        | 16,686        | 20,429        | 46,500        | 65,000        |
| Total business-type activities expense         | 114,970       | 107,057       | 113,007       | 121,662       | 138,984       | 137,476       | 181,280       | 252,866       | 285,312       |
| Total district expenses                        | \$ 10,252,146 | \$ 10,934,285 | \$ 11,716,085 | \$ 11,884,189 | \$ 13,254,416 | \$ 12,941,965 | \$ 13,761,908 | \$ 14,031,592 | \$ 14,293,510 |
| <b>Program Revenues</b>                        |               |               |               |               |               |               |               |               |               |
| Governmental activities:                       |               |               |               |               |               |               |               |               |               |
| Charges for services:                          |               |               |               |               |               |               |               |               |               |
| Instruction (tuition)                          | \$ 20,515     | \$ 48,116     | \$ 118,841    | \$ 276,405    | \$ 263,542    | \$ 211,404    | \$ 147,035    | \$ 257,695    | \$ 109,782    |
| Operating grants and contributions             | 1,745,542     | 1,744,187     | 1,858,180     | 2,112,558     | 2,290,082     | 1,919,572     | 1,789,668     | 1,765,174     | 1,951,744     |
| Capital grants and contributions               | -             | 66,600        | 477,061       | 506           | -             | 19,544        | 139,490       | -             | -             |
| Total governmental activities program revenues | 1,766,057     | 1,858,903     | 2,454,082     | 2,389,469     | 2,553,624     | 2,150,520     | 2,076,193     | 2,022,869     | 2,061,526     |

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

|   | Fiscal Year Ended June 30, |                |                |                |                 |                 |                 |                 |                 |
|---|----------------------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 2004                       | 2005           | 2006           | 2007           | 2008            | 2009            | 2010            | 2011            | 2012            |
| <b>Business-type activities:</b>                        |                            |                |                |                |                 |                 |                 |                 |                 |
| Charges for services                                    |                            |                |                |                |                 |                 |                 |                 |                 |
| Food service  | \$ 80,006                  | \$ 77,481      | \$ 69,228      | \$ 74,264      | \$ 76,109       | \$ 76,208       | \$ 100,827      | \$ 126,435      | \$ 121,221      |
| Inclusive Preschool                                     | 22,091                     | 21,160         | 22,878         | 25,137         | 22,242          | 36,850          | 51,985          | 46,540          | 68,250          |
| Operating grants and contributions                      | 102,097                    | 98,641         | 92,106         | 99,401         | 128,266         | 144,455         | 198,476         | 240,572         | 280,536         |
| Total business type activities program revenues         | \$ 1,868,154               | \$ 1,957,544   | \$ 2,546,188   | \$ 2,488,870   | \$ 2,681,890    | \$ 2,294,975    | \$ 2,274,669    | \$ 2,263,441    | \$ 2,342,062    |
| Total district program revenues                         |                            |                |                |                |                 |                 |                 |                 |                 |
| <b>Net (Expense)/Revenue</b>                            |                            |                |                |                |                 |                 |                 |                 |                 |
| Governmental activities                                 | \$ (8,371,119)             | \$ (8,968,325) | \$ (9,148,996) | \$ (9,373,058) | \$ (10,561,808) | \$ (10,653,969) | \$ (11,504,435) | \$ (11,755,857) | \$ (11,946,672) |
| Business-type activities                                | (12,873)                   | (8,416)        | (20,901)       | (22,261)       | (10,718)        | 6,979           | 17,196          | (12,294)        | (4,776)         |
| Total district-wide net expense                         | \$ (8,383,992)             | \$ (8,976,741) | \$ (9,169,897) | \$ (9,395,319) | \$ (10,572,526) | \$ (10,646,990) | \$ (11,487,239) | \$ (11,768,151) | \$ (11,951,448) |
| <b>General Revenues and Other Changes in Net Assets</b> |                            |                |                |                |                 |                 |                 |                 |                 |
| Governmental activities:                                |                            |                |                |                |                 |                 |                 |                 |                 |
| Property taxes levied for general purposes, net         | \$ 8,394,068               | \$ 9,123,940   | \$ 9,290,530   | \$ 9,812,794   | \$ 10,064,639   | \$ 10,383,528   | \$ 11,250,627   | \$ 12,113,531   | \$ 12,355,802   |
| Taxes levied for debt service                           | 230,710                    | 212,724        | 231,260        | 231,198        | 230,910         | 230,398         | 229,660         | 233,585         | 223,676         |
| Unrestricted grants and contributions                   | 96,800                     | 119,335        | 120,828        | 121,035        | 141,318         | 28,036          | 75,562          | 11,575          |                 |
| Miscellaneous income                                    | 31,338                     | 78,453         | 68,199         | 106,096        | 74,786          | 42,392          | 25,940          | 26,957          | 94,165          |
| Donated Capital Assets                                  | (10,000)                   | (12,000)       | (13,500)       | (18,000)       | (15,500)        | (18,010)        | (18,000)        | (18,000)        | (8,000)         |
| Transfers   | 8,742,916                  | 9,522,452      | 9,697,317      | 10,253,123     | 10,515,653      | 10,666,344      | 11,563,789      | 12,367,648      | 12,665,643      |
| Total governmental activities                           |                            |                |                |                |                 |                 |                 |                 |                 |
| Business-type activities:                               |                            |                |                |                |                 |                 |                 |                 |                 |
| Investment earnings                                     | 13                         | 17             | 17             | 10             | 161             | 492             | 230             | 402             | 308             |
| Transfers   | 10,000                     | 12,000         | 13,500         | 18,000         | 15,500          | 18,010          | 18,000          | 18,000          | 8,000           |
| Total business-type activities                          | 10,013                     | 12,017         | 13,517         | 18,010         | 15,661          | 18,502          | 18,230          | 18,402          | 8,308           |
| Total district-wide                                     | \$ 8,752,929               | \$ 9,534,469   | \$ 9,710,834   | \$ 10,271,133  | \$ 10,531,314   | \$ 10,684,846   | \$ 11,582,019   | \$ 12,386,050   | \$ 12,673,951   |
| <b>Change in Net Assets</b>                             |                            |                |                |                |                 |                 |                 |                 |                 |
| Governmental activities                                 | \$ 371,797                 | \$ 554,127     | \$ 548,321     | \$ 880,065     | \$ (46,155)     | \$ 12,375       | \$ 59,354       | \$ 611,791      | \$ 718,971      |
| Business-type activities                                | (2,860)                    | 3,601          | (7,384)        | (4,251)        | 4,943           | 25,481          | 35,426          | 6,108           | 3,532           |
| Total district  | \$ 368,937                 | \$ 557,728     | \$ 540,937     | \$ 875,814     | \$ (41,212)     | \$ 37,856       | \$ 94,780       | \$ 617,899      | \$ 722,503      |

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine (9) years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

|                                    | 2004        | 2005       | 2006         | 2007         | 2008         | 2009       | 2010       | 2011         | 2012         |
|------------------------------------|-------------|------------|--------------|--------------|--------------|------------|------------|--------------|--------------|
| General Fund                       |             |            |              |              |              |            |            |              |              |
| Reserved                           | \$ 556,742  | \$ 751,828 | \$ 978,730   | \$ 1,424,694 | \$ 1,205,077 | \$ 598,173 | \$ 804,349 |              |              |
| Unreserved                         | 242,701     | 161,513    | 167,551      | 570,543      | 431,936      | 252,804    | 57,265     | \$ 1,432,759 | \$ 1,810,228 |
| Restricted                         |             |            |              |              |              |            |            | 42,719       | 29,852       |
| Committed                          |             |            |              |              |              |            |            | 41,131       | 143,887      |
| Assigned                           |             |            |              |              |              |            |            | 81,440       | 26,296       |
| Unassigned                         |             |            |              |              |              |            |            |              |              |
| Total general fund                 | \$ 799,443  | \$ 913,341 | \$ 1,146,281 | \$ 1,995,237 | \$ 1,637,013 | \$ 850,977 | \$ 861,614 | \$ 1,598,049 | \$ 2,010,263 |
| All Other Governmental Funds       |             |            |              |              |              |            |            |              |              |
| Reserved                           | \$ 161,342  | \$ 10,790  | \$ 54,254    | \$ -         | \$ 7,530     | \$ 286,304 |            |              |              |
| Unreserved                         | (194,238)   | 259,034    | 288,514      | 19,549       | 70,574       | 2,423      |            |              |              |
| Restricted                         |             |            |              |              |              |            |            |              |              |
| Committed                          |             |            |              |              |              |            |            |              |              |
| Assigned                           |             |            |              |              |              |            |            |              | \$ 4,450     |
| Unassigned                         |             |            |              |              |              |            |            |              |              |
| Total all other governmental funds | \$ (32,896) | \$ 269,824 | \$ 342,768   | \$ 19,549    | \$ 78,104    | \$ 288,727 | \$ -       | \$ -         | \$ 4,450     |

Note:  
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine (9) years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

LITTLE FALLS BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST NINE FISCAL YEARS

(Unaudited)  
(modified accrual basis of accounting)

|   | Fiscal Year Ended June 30, |                   |                   |                   |                     |                     |                     |                   |                   |
|---|----------------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|-------------------|-------------------|
|   | 2004                       | 2005              | 2006              | 2007              | 2008                | 2009                | 2010                | 2011              | 2012              |
| <b>Revenues</b>   |                            |                   |                   |                   |                     |                     |                     |                   |                   |
| Tax levy  | \$ 8,624,778               | \$ 9,336,664      | \$ 9,521,790      | \$ 10,043,992     | \$ 10,295,549       | \$ 10,613,926       | \$ 11,480,287       | \$ 12,347,116     | \$ 12,579,478     |
| Miscellaneous   | 49,311                     | 129,699           | 187,040           | 382,501           | 338,328             | 253,796             | 172,975             | 284,652           | 203,947           |
| State sources   | 1,608,598                  | 1,705,355         | 2,222,131         | 2,007,430         | 2,187,886           | 1,673,387           | 1,646,376           | 1,361,402         | 1,640,606         |
| Federal sources   | 236,286                    | 221,637           | 233,938           | 226,669           | 243,514             | 293,765             | 358,344             | 415,347           | 311,138           |
| <b>Total revenue</b>                                      | <b>10,518,973</b>          | <b>11,393,355</b> | <b>12,164,899</b> | <b>12,660,592</b> | <b>13,065,277</b>   | <b>12,834,874</b>   | <b>13,657,982</b>   | <b>14,408,517</b> | <b>14,735,169</b> |
| <b>Expenditures</b>                                       |                            |                   |                   |                   |                     |                     |                     |                   |                   |
| Instruction   |                            |                   |                   |                   |                     |                     |                     |                   |                   |
| Regular instruction                                       | 3,996,328                  | 4,294,295         | 4,675,171         | 4,448,902         | 4,904,030           | 4,720,129           | 5,009,208           | 4,987,090         | 5,543,768         |
| Special education instruction                             | 1,467,983                  | 1,928,026         | 1,628,749         | 1,909,829         | 2,022,456           | 2,525,745           | 2,854,977           | 3,091,306         | 2,958,354         |
| Other instruction   | 162,934                    | 141,725           | 147,220           | 206,119           | 204,677             | 246,157             | 250,233             | 257,909           | 178,449           |
| School sponsored activities and athletics                 | 50,194                     | 46,643            | 54,518            | 50,207            | 46,639              | 58,865              | 64,404              | 43,368            | 59,276            |
| Support Services:   |                            |                   |                   |                   |                     |                     |                     |                   |                   |
| Student & inst. related services                          | 1,708,474                  | 1,602,627         | 1,890,748         | 2,055,704         | 2,407,007           | 2,132,357           | 2,217,257           | 2,118,241         | 2,146,189         |
| General administration                                    | 388,924                    | 505,823           | 430,408           | 510,189           | 461,439             | 460,943             | 438,968             | 428,546           | 387,348           |
| School administrative services                            | 568,287                    | 379,833           | 435,555           | 532,632           | 566,266             | 588,991             | 618,372             | 550,871           | 550,871           |
| Central services  | 830,112                    | 258,970           | 240,806           | 268,108           | 327,339             | 291,581             | 306,086             | 302,661           | 338,534           |
| Plant operations and maintenance                          | 386,370                    | 859,472           | 982,027           | 1,121,483         | 1,184,112           | 1,081,968           | 1,051,765           | 1,054,915         | 1,077,038         |
| Pupil transportation                                      | 281,729                    | 392,679           | 401,633           | 383,323           | 396,800             | 419,952             | 440,957             | 493,495           | 494,594           |
| Other Support Services                                    | 295,517                    | 309,905           | 559,069           | 674,878           | 625,308             | 625,308             | 285,696             | 332,381           | 332,381           |
| Debt service:   |                            |                   |                   |                   |                     |                     |                     |                   |                   |
| Principal   | 100,000                    | 128,293           | 128,869           | 140,331           | 143,629             | 152,382             | 158,956             | 166,900           | 195,047           |
| Interest and other charges                                | 130,710                    | 127,331           | 121,260           | 117,928           | 116,650             | 110,624             | 103,312             | 120,660           | 48,676            |
| Cost of Issuance  |                            |                   |                   |                   |                     |                     |                     | 66,218            |                   |
| Advance Refunding Escrow                                  |                            |                   |                   |                   |                     |                     |                     | 41,492            |                   |
| <b>Total expenditures</b>                                 | <b>10,367,562</b>          | <b>10,975,622</b> | <b>11,845,515</b> | <b>12,187,285</b> | <b>13,422,288</b>   | <b>13,392,277</b>   | <b>13,800,191</b>   | <b>13,761,792</b> | <b>14,310,505</b> |
| Excess (Deficiency) of revenues over (under) expenditures | 151,411                    | 417,733           | 319,384           | 473,307           | (357,011)           | (557,403)           | (142,209)           | 646,725           | 424,664           |
| <b>Other Financing sources (uses)</b>                     |                            |                   |                   |                   |                     |                     |                     |                   |                   |
| Proceeds from borrowing                                   |                            | 10,885            |                   |                   |                     |                     |                     |                   |                   |
| Premium on Refunding Bonds                                |                            |                   |                   | 70,430            | 72,842              |                     |                     | 1,850,000         |                   |
| Payment to Refunded Bond Escrow Agent                     |                            | 290,215           | 91,114            | 275,386           | 94,309              | 317,119             | 150,728             | 42,710            |                   |
| Capital Lease Proceeds                                    | 83,123                     | (302,215)         | (104,614)         | (293,386)         | (109,809)           | (335,129)           | (168,728)           | (18,000)          | (8,000)           |
| Transfers in  | (93,123)                   |                   |                   |                   |                     |                     |                     |                   |                   |
| Transfers out   | (10,000)                   | (1,115)           | (13,500)          | 52,430            | 57,342              | (18,010)            | (18,000)            | 89,710            | (8,000)           |
| <b>Total other financing sources (uses)</b>               | <b>\$ 141,411</b>          | <b>\$ 416,618</b> | <b>\$ 305,884</b> | <b>\$ 525,737</b> | <b>\$ (299,669)</b> | <b>\$ (575,413)</b> | <b>\$ (160,209)</b> | <b>\$ 736,435</b> | <b>\$ 416,664</b> |
| <b>Net change in fund balances</b>                        | <b>0.99%</b>               | <b>1.20%</b>      | <b>1.14%</b>      | <b>1.20%</b>      | <b>1.13%</b>        | <b>1.19%</b>        | <b>1.18%</b>        | <b>1.51%</b>      | <b>1.40%</b>      |
| Debt service as a percentage of noncapital expenditures   |                            |                   |                   |                   |                     |                     |                     |                   |                   |

\* Noncapital expenditures are total expenditures less capital outlay.

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine (9) years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**LITTLE FALLS BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST NINE FISCAL YEARS  
(Unaudited)**

| <u>Year</u> | <u>Other</u> | <u>Tuition</u> | <u>Interest on<br/>Investments</u> | <u>Total</u> |
|-------------|--------------|----------------|------------------------------------|--------------|
| 2004        | \$ 13,683    | \$ 11,503      | \$ 19,069                          | \$ 44,255    |
| 2005        | 39,543       | 48,116         | 36,525                             | 124,184      |
| 2006        | 3,383        | 118,841        | 56,625                             | 178,849      |
| 2007        | 12,410       | 276,405        | 87,771                             | 376,586      |
| 2008        | 10,288       | 263,542        | 55,100                             | 328,930      |
| 2009        | 15,398       | 211,404        | 26,354                             | 253,156      |
| 2010        | 21,686       | 147,035        | 3,187                              | 171,908      |
| 2011        | 20,314       | 257,695        | 6,643                              | 284,652      |
| 2012        | 84,520       | 109,782        | 5,195                              | 199,497      |

**GAAP Basis**

**Note:**

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only nine (9) years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

LITTLE FALLS BOARD OF EDUCATION  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 (Unaudited)

| Fiscal Year Ended June 30, | Vacant Land   | Residential    | Commercial    | Industrial    | Apartment     | Total Assessed Value | Public Utilities | Net Valuation Taxable | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate <sup>a</sup> |
|----------------------------|---------------|----------------|---------------|---------------|---------------|----------------------|------------------|-----------------------|---|---|
| 2003                       | \$ 16,912,200 | \$ 531,915,600 | \$ 98,350,200 | \$ 29,784,900 | \$ 41,817,800 | \$ 718,780,800       | \$ 4,148,982     | \$ 722,929,792        | \$ 1,226,840,593                          | \$ 1.16                                   |
| 2004                       | 16,486,400    | 535,542,100    | 97,804,300    | 29,779,200    | 40,627,300    | 720,239,500          | 3,724,619        | 723,963,919           | 1,377,599,034                             | 1.24                                      |
| 2005                       | 17,259,300    | 537,946,300    | 95,293,200    | 29,779,200    | 40,627,300    | 720,905,300          | 3,378,452        | 724,283,752           | 1,561,019,724                             | 1.30                                      |
| 2006                       | 16,927,800    | 539,021,600    | 95,079,000    | 29,779,200    | 40,627,300    | 721,434,900          | 3,378,452        | 724,813,352           | 1,692,902,856                             | 1.343                                     |
| 2007                       | 16,968,300    | 541,871,900    | 95,431,400    | 29,034,200    | 40,627,300    | 723,953,100          | 2,484,700        | 727,311,552           | 1,882,274,611                             | 1.402                                     |
| 2008                       | 16,872,000    | 542,293,100    | 96,911,800    | 28,454,700    | 39,977,300    | 724,508,900          | 7,056,766        | 726,993,600           | 1,967,283,064                             | 1.446                                     |
| 2009 *                     | 34,303,900    | 1,389,066,700  | 301,526,300   | 69,114,000    | 122,049,600   | 1,916,060,500        | 6,569,100        | 1,923,117,266         | 1,919,873,500                             | 0.621                                     |
| 2010                       | 36,499,400    | 1,385,258,500  | 304,646,000   | 64,840,900    | 122,049,600   | 1,913,294,400        | 6,429,200        | 1,919,863,500         | 1,909,597,900                             | 0.653                                     |
| 2011                       | 37,838,400    | 1,376,785,400  | 303,200,600   | 64,602,700    | 120,741,600   | 1,903,168,700        | 6,429,200        | 1,909,597,900         | N/A                                       | 0.667                                     |
| 2012                       | 36,882,200    | 1,376,430,700  | 283,233,000   | 65,340,500    | 117,147,600   | 1,879,034,000        | 6,627,100        | 1,885,661,100         |   |   |

Source: County Abstract of Rates

<sup>a</sup> Tax rates are per \$100

N/A = Not Available

\* The Borough had a revaluation which became effective in 2009.

**LITTLE FALLS BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
PER \$100 OF ASSESSED VALUATION  
LAST TEN FISCAL YEARS  
(Unaudited)  
(rate per \$100 of assessed value)**

| <u>Calendar<br/>Year</u> | <u>Total Direct<br/>School Tax<br/>Rate</u> | <u>Regional<br/>High School<br/>District</u> | <u>Municipality</u> | <u>County</u> | <u>Total Direct and<br/>Overlapping Tax<br/>Rate</u> |
|--------------------------|---|--|---------------------|---------------|--|
| 2003                     | \$ 1.16                                     | \$ .70                                       | \$ .82              | \$ .99        | \$ 3.67  |
| 2004                     | 1.24  | .74  | .86                 | 1.05          | 3.89   |
| 2005                     | 1.30  | .76  | .92                 | 1.14          | 4.12   |
| 2006                     | 1.34  | .80  | 1.02                | 1.23          | 4.39   |
| 2007                     | 1.40  | 0.85   | 1.18                | 1.26          | 4.72   |
| 2008                     | 1.45  | 0.90   | 1.30                | 1.37          | 5.02   |
| 2009                     | * 0.52                                      | 0.58   | 0.32                | 0.51          | 1.93   |
| 2010                     | 0.621                                       | 0.331  | 0.57                | 0.54          | 2.062  |
| 2011                     | 0.653                                       | 0.337  | 0.58                | 0.57          | 2.145  |
| 2012                     | 0.667                                       | 0.385  | 0.61                | 0.64          | 2.30   |

\* The Borough had a revaluation which became effective in 2009.

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

| Taxpayer                      | 2012                   |  | 2003                   |  |
|-------------------------------|------------------------|--|------------------------|--|
|                               | Taxable Assessed Value | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
| Inwood Owners Inc             | \$ 79,410,000          | 4.21%                                  | \$ 27,000,000          | 3.73%                                  |
| Theta Holding Co              | 70,658,000             | 3.75%                                  | 24,489,000             | 3.39%                                  |
| PAR 3 PAR 5                   | 14,588,800             | 0.77%                                  |                        |  |
| Park Falls Associates         | 13,110,000             | 0.70%                                  |                        |  |
| Saturn Realty                 | 12,492,100             | 0.66%                                  |                        |  |
| AMB-AMS Operating Part        | 11,420,500             | 0.61%                                  |                        |  |
| Sisco                         | 10,959,300             | 0.58%                                  |                        |  |
| Great Notch Village           | 10,127,200             | 0.54%                                  |                        |  |
| Andrew Realty                 | 10,016,300             | 0.53%                                  |                        |  |
| ST Hilltop Mnr LLC            | 9,190,700              | 0.49%                                  |                        |  |
| Greenwood Corp                |                        |  | 4,748,700              | 0.66%                                  |
| Park Falls Associates         |                        |  | 4,400,000              | 0.61%                                  |
| North Jersey District Water   |                        |  | 4,567,100              | 0.63%                                  |
| Ralph Brass                   |                        |  | 4,545,000              | 0.63%                                  |
| Green Notch Village           |                        |  | 4,296,200              | 0.59%                                  |
| Bell Atlantic                 |                        |  | 4,148,992              | 0.57%                                  |
| Par3 LLC                      |                        |  | 4,069,400              | 0.56%                                  |
| Local 424 Welfare and Pension |                        |  | 3,850,000              | 0.53%                                  |
|                               | <u>\$ 241,972,900</u>  | <u>12.83%</u>                          | <u>\$ 86,114,392</u>   | <u>11.91%</u>                          |

Source: Municipal Tax Assessor

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

| Fiscal<br>Year<br>Ended<br>June 30, | Taxes Levied for<br>the Fiscal Year | Collected within the Fiscal Year of<br>the Levy |                       | Collections in<br>Subsequent<br>Years |
|-------------------------------------|-------------------------------------|---|-----------------------|---------------------------------------|
|                                     |                                     | Amount  | Percentage<br>of Levy |                                       |
| 2003                                | \$ 8,058,002                        | \$ 8,058,002                                    | 100.00%               | N/A                                   |
| 2004                                | 8,624,778                           | 8,624,778                                       | 100.00%               | N/A                                   |
| 2005                                | 9,336,644                           | 9,336,644                                       | 100.00%               | N/A                                   |
| 2006                                | 9,521,790                           | 9,521,790                                       | 100.00%               | N/A                                   |
| 2007                                | 10,043,992                          | 10,043,992                                      | 100.00%               | N/A                                   |
| 2008                                | 10,295,549                          | 10,295,549                                      | 100.00%               | N/A                                   |
| 2009                                | 10,613,926                          | 10,613,926                                      | 100.00%               | N/A                                   |
| 2010                                | 11,480,287                          | 11,480,287                                      | 100.00%               | N/A                                   |
| 2011                                | 12,347,116                          | 12,347,116                                      | 100.00%               | N/A                                   |
| 2012                                | 12,579,478                          | 12,579,478                                      | 100.00%               | N/A                                   |

LITTLE FALLS BOARD OF EDUCATION  
 RATIOS OF OUTSTANDING DEBT BY TYPE  
 LAST EIGHT FISCAL YEARS  
 (Unaudited)

| Fiscal Year Ended June 30, | Governmental Activities  |                |                                |              | Total District | Population | Per Capita |
|----------------------------|--------------------------|----------------|--------------------------------|--------------|----------------|------------|------------|
|                            | General Obligation Bonds | Capital Leases | Bond Anticipation Notes (BANs) |              |                |            |            |
| 2005                       | \$ 2,670,000             | \$ 30,656      | \$ 250,000                     | \$ 2,950,656 | 11,676         | \$ 253     |            |
| 2006                       | 2,560,000                | 11,787         |                                | 2,571,787    | 11,614         | 221        |            |
| 2007                       | 2,445,000                | 54,072         |                                | 2,499,072    | 11,581         | 216        |            |
| 2008                       | 2,325,000                | 103,285        |                                | 2,428,285    | 11,585         | 210        |            |
| 2009                       | 2,200,000                | 75,903         |                                | 2,275,903    | 11,646         | 195        |            |
| 2010                       | 2,070,000                | 46,947         |                                | 2,116,947    | 14,441         | 147        |            |
| 2011                       | 1,995,000                | 20,047         |                                | 2,015,047    | 14,449         | 139        |            |
| 2012                       | 1,820,000                | -              |                                | 1,820,000    | 14,449 *       | 126        |            |

Source: District records

\*Estimate

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight (8) years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

| Fiscal<br>Year<br>Ended<br>June 30, | General Bonded Debt Outstanding |            | Net General<br>Bonded Debt<br>Outstanding | Percentage of<br>Actual Taxable<br>Value <sup>a</sup> of<br>Property | Per Capita <sup>b</sup> |
|-------------------------------------|---------------------------------|------------|---|--|-------------------------|
|                                     | General<br>Obligation<br>Bonds  | Deductions |   |  |                         |
| 2005                                | \$ 2,670,000                    |            | \$ 2,670,000                              | 0.37%  | \$ 223                  |
| 2006                                | 2,560,000                       |            | 2,560,000                                 | 0.35%  | 219                     |
| 2007                                | 2,445,000                       |            | 2,445,000                                 | 0.34%  | 211                     |
| 2008                                | 2,325,000                       |            | 2,325,000                                 | 0.32%  | 201                     |
| 2009                                | 2,200,000                       |            | 2,200,000                                 | 0.11%  | 189                     |
| 2010                                | 2,070,000                       |            | 2,070,000                                 | 0.11%  | 143                     |
| 2011                                | 1,995,000                       |            | 1,995,000                                 | 0.10%  | 138                     |
| 2012                                | 1,820,000                       |            | 1,820,000                                 | 0.10%  | 126                     |

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight (8) years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**LITTLE FALLS BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR YEAR ENDED DECEMBER 31, 2011  
(Unaudited)**

|  |                          |
|--|--------------------------|
| Net Direct Debt of School District as of December 31, 2011           | \$ 1,820,000             |
| Net Overlapping Debt of School District:                             |                          |
| Little Falls Township (100%)   | 25,247,118               |
| County of Passaic - Township's Share (4.85%)                         | 12,047,514               |
| Passaic County Utilities Authority - Township's Share (4.85%)        | 2,106,691                |
| Passaic Valley Sewage Commission (1.72%)                             | <u>2,415,595</u>         |
| <br>Total Direct and Overlapping Bonded Debt as of December 31, 2011 | <br><u>\$ 43,636,918</u> |

Source: Little Falls Township Chief Financial Officer and Passaic County Treasurer's Office,  
Sewerage Commission and Utilities Authority Auditors

LITTLE FALLS BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST NINE FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2011

|   |  |                           |                         |
|---|--|---------------------------|-------------------------|
| Average equalized valuation of taxable property |  | Equalized valuation basis |                         |
|   |  | 2011                      | \$ 1,900,318,223        |
|   |  | 2010                      | 1,895,111,331           |
|   |  | 2009                      | 1,914,337,596           |
|   |  | [A]                       | \$ 5,709,767,150        |
|   |  | [A/3]                     | \$ 1,903,255,717        |
|   | Debt limit (3 % of average equalization value) | [B]                       | 57,097,672 <sup>a</sup> |
|   | Total Net Debt Applicable to Limit             | [C]                       | 1,820,000               |
|   | Legal debt margin                              | [B-C]                     | \$ 55,277,672           |

|   | Fiscal Year   |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          |
| Debt limit  | \$ 36,883,540 | \$ 41,117,658 | \$ 45,835,613 | \$ 50,842,593 | \$ 54,899,836 | \$ 57,818,438 | \$ 58,344,139 | \$ 57,782,231 | \$ 57,097,672 |
| Total net debt applicable to limit                                      | 2,775,000     | 2,670,000     | 2,560,000     | 2,445,000     | 2,325,000     | 2,200,000     | 2,070,000     | 1,995,000     | 1,820,000     |
| Legal debt margin   | \$ 34,108,540 | \$ 38,447,658 | \$ 43,275,613 | \$ 48,397,593 | \$ 52,574,836 | \$ 55,618,438 | \$ 56,274,139 | \$ 55,787,231 | \$ 55,277,672 |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 7.52%         | 6.49%         | 5.59%         | 4.81%         | 4.23%         | 3.81%         | 3.55%         | 3.45%         | 3.19%         |

Source: Annual Debt Statements

Note:  
GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine (9) years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**LITTLE FALLS BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

| <u>Year</u> | <u>Population</u> | <u>County Per<br/>Capita Personal<br/>Income</u> | <u>Unemployment<br/>Rate</u> |
|-------------|-------------------|--|------------------------------|
| 2003        | 11,846            | \$ 32,585  | 4.3%                         |
| 2004        | 11,797            | 33,370   | 3.3%                         |
| 2005        | 11,722            | 35,269   | 4.4%                         |
| 2006        | 11,676            | 37,865   | 4.5%                         |
| 2007        | 11,614            | 40,223   | 4.2%                         |
| 2008        | 11,581            | 41,556   | 5.4%                         |
| 2009        | 11,585            | 40,426   | 10.5%                        |
| 2010        | 11,646            | 42,228   | 10.7%                        |
| 2011        | 14,441            | 42,228 *   | 10.50%                       |
| 2012        | 14,449 *          | 42,228 *   | 10.50% *                     |

Source: New Jersey State Department of Education

\* Estimate

LITTLE FALLS BOARD OF EDUCATION  
 PRINCIPAL EMPLOYERS,  
 CURRENT YEAR AND TEN YEARS AGO  
 (Unaudited)

| Employer | 2012      |  | 2002      |  |
|----------|-----------|--|-----------|--|
|          | Employees | Percentage of Total Municipal Employment | Employees | Percentage of Total Municipal Employment |

INFORMATION NOT AVAILABLE

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

| <u>Function/Program</u>                | <u>2006</u>  | <u>2007</u>  | <u>2008</u>  | <u>2009</u>  | <u>2010</u>  | <u>2011</u>  | <u>2012</u>  |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Instruction                            |              |              |              |              |              |              |              |
| Regular                                | 51.0         | 50.0         | 52.0         | 53.0         | 55.0         | 55.0         | 55.0         |
| Special education                      | 16.5         | 16.5         | 22.5         | 21.5         | 21.5         | 21.5         | 21.5         |
| Other special education                | 16.3         | 25.0         | 24.5         | 26.5         | 32.0         | 32.0         | 32.0         |
| Other instruction                      | 15.0         | 18.3         | 10.5         | 15.0         | 9.5          | 9.5          | 9.5          |
| Support Services:                      |              |              |              |              |              |              |              |
| Student & instruction related services | 3.5          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          |
| General administration                 | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          |
| School administrative services         | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          |
| Other administrative services          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          |
| Central services                       | 2.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          |
| Administrative Information Technology  | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          |
| Plant operations and maintenance       | 9.0          | 9.0          | 9.0          | 9.0          | 7.0          | 7.0          | 7.0          |
| Pupil transportation                   | 1.0          | 1.5          | 1.5          | 1.5          | 1.5          | 1.5          | 1.5          |
| Other support services                 | 6.5          | 8.3          | 6.5          | 6.5          | 6.5          | 6.5          | 6.5          |
| Total                                  | <u>125.8</u> | <u>137.6</u> | <u>135.5</u> | <u>142.0</u> | <u>142.0</u> | <u>142.0</u> | <u>142.0</u> |

Source: District Personnel Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven (7) years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

LITTLE FALLS BOARD OF EDUCATION  
 OPERATING STATISTICS  
 LAST NINE FISCAL YEARS  
 (Unaudited)

| Fiscal Year | Enrollment <sup>a</sup> | Operating Expenditures <sup>b</sup> | Cost Per Pupil <sup>c</sup> | Percentage Change | Teaching Staff | Teacher/Pupil Ratio |             | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|----------------|---------------------|-------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
|             |                         |                                     |                             |                   |                | Elementary          | High School |                                |                                |                                      |                               |
| 2004        | 823                     |                                     | -                           |                   | 79.3           | 1:10.8              |             | 823.10                         | 790.30                         |                                      | 96.02%                        |
| 2005        | 837                     | \$ 10,410,093                       | \$ 12,436                   |                   | 84.0           | 1:9.97              |             | 837.10                         | 801.00                         | 1.70%                                | 95.69%                        |
| 2006        | 851                     | 11,036,317                          | 12,972                      | 4.31%             | 83.0           | 1:10.25             |             | 850.80                         | 813.70                         | 1.64%                                | 95.64%                        |
| 2007        | 881                     | 11,589,419                          | 12,925                      | -0.36%            | 83.0           | 1:10.62             |             | 881.20                         | 839.80                         | 3.57%                                | 95.30%                        |
| 2008        | 887                     | 12,487,131                          | 14,078                      | 8.92%             | 83.0           | Not Available       |             | 884.40                         | 843.70                         | 0.36%                                | 95.40%                        |
| 2009        | 921                     | 12,503,963                          | 13,577                      | -3.56%            | 83.0           | Not Available       |             | 917.30                         | 874.60                         | 3.72%                                | 95.35%                        |
| 2010        | 931                     | 13,252,227                          | 14,234                      | 4.85%             | 81.0           | Not Available       |             | 934.70                         | 895.50                         | 1.90%                                | 95.81%                        |
| 2011        | 942                     | 13,366,522                          | 14,190                      | -0.32%            | 89.0           | Not Available       |             | 938.50                         | 897.00                         | 0.41%                                | 95.58%                        |
| 2012        | 925                     | 13,754,401                          | 14,848                      | 4.64%             | 89.0           | Not Available       |             | 916.40                         | 879.90                         | -2.35%                               | 96.02%                        |

Sources: District records

Note: a Enrollment based on School Register Summary.  
 b Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay.  
 c Cost per pupil represents operating expenditures divided by enrollment.

Note: GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine (9) years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**LITTLE FALLS BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST SEVEN FISCAL YEARS  
(Unaudited)**

|                          | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|
| <b>District Building</b> |        |        |        |        |        |        |        |
| <u>Elementary</u>        |        |        |        |        |        |        |        |
| Square Feet              | 53,756 | 53,756 | 53,756 | 53,756 | 53,756 | 53,756 | 53,756 |
| Capacity (students)      | 418    | 418    | 418    | 418    | 418    | 418    | 418    |
| Enrollment               | 379    | 397    | 393    | 393    | 393    | 393    | 374    |
| Square Feet              | 38,907 | 38,907 | 38,907 | 38,907 | 38,907 | 38,907 | 38,907 |
| Capacity (students)      | 280    | 280    | 280    | 280    | 280    | 280    | 280    |
| Enrollment <sup>a</sup>  | 272    | 294    | 294    | 294    | 294    | 294    | 340    |
| Square Feet              | 28,901 | 28,901 | 28,901 | 28,901 | 28,901 | 28,901 | 28,901 |
| Capacity (students)      | 178    | 178    | 178    | 178    | 178    | 178    | 178    |
| Enrollment               | 191    | 190    | 197    | 197    | 197    | 197    | 203    |

Number of Schools at June 30, 2012

Elementary = 3

Source: District Records

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven (7) years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

LITTLE FALLS BOARD OF EDUCATION  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST TEN YEARS  
 (Unaudited)

| <u>School Facilities</u>                   | <u>School Number</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> | <u>2012</u> |
|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Number 1                                   | 050                  | \$ 16,516   | \$ 76,714   | \$ 76,647   | \$ 82,986   | \$ 67,965   | \$ 54,689   | \$ 52,537   | \$ 50,072   | \$ 50,067   | \$ 43,182   |
| Number 2                                   | 060                  | 9,281       | 61,371      | 65,510      | 62,240      | 44,016      | 43,546      | 47,703      | 55,888      | 51,648      | 49,101      |
| Number 3                                   | 999                  | 9,000       | 53,700      | 56,674      | 62,240      | 46,754      | 49,362      | 48,623      | 42,262      | 45,084      | 46,452      |
| Total Required Maintenance for School Faci |                      | \$ 34,797   | \$ 191,785  | \$ 198,831  | \$ 207,465  | \$ 158,735  | \$ 147,597  | \$ 148,863  | \$ 148,222  | \$ 146,799  | \$ 138,735  |

Source: District Records

**LITTLE FALLS BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2012  
(Unaudited)**

|   | <u>Coverage</u>                        | <u>Deductible</u> |
|---|--|-------------------|
| School Package Policy - NJSBAIG                           |  |                   |
| Property - Blanket Building & Contents                    | \$ 18,911,500                          | \$ 1,000          |
| Comprehensive General Liability                           | 11,000,000                             |                   |
| Comprehensive Automobile Liability                        | 11,000,000                             |                   |
| Computer and Scheduled Equipment                          | Included                               |                   |
| Umbrella Liability  |  |                   |
| Umbrella Policy   | 5,000,000                              |                   |
| School Board Legal Liability - NJSBAIG                    | 1,000,000                              |                   |
| Public Employees' Faithful Performance Blanket<br>NJSBAIG | 100,000 per person<br>400,000 per loss |                   |
| Surety Bond Coverage                                      |  |                   |
| - Business Administrator                                  | 100,000                                |                   |
| - Cafeteria Director                                      | 100,000                                |                   |
| Student Accident - Peoples Benefits Life Insurance Co.    | 1,000,000                              |                   |

Source: District Records.

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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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  
Little Falls Board of Education  
Little Falls, 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 Little Falls Board of Education as of and for the fiscal year ended June 30, 2012, which collectively comprise the Little Falls Board of Education's basic financial statements and have issued our report thereon dated September 24, 2012. 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 Office of School Finance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

Management of the Little Falls Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Little Falls 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 Little Falls Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Little Falls 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 Little Falls Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

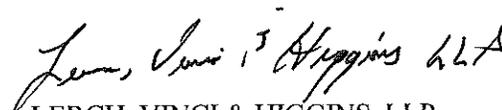
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Little Falls 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 Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that we have reported to management of the Little Falls Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated September 24, 2012.

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

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

  
 Paul J. Lerch  
 Public School Accountant  
 PSA Number CS01118

Fair Lawn, New Jersey  
 September 24, 2012

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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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  
Little Falls Board of Education  
Little Falls, New Jersey

### Compliance

We have audited the Little Falls 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 Little Falls Board of Education's major state programs for the fiscal year ended June 30, 2012. Little Falls 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 Little Falls Board of Education's management. Our responsibility is to express an opinion on Little Falls 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 Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 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 Little Falls 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 Little Falls Board of Education's compliance with those requirements.

In our opinion, Little Falls 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, 2012.

### Internal Control Over Compliance

Management of Little Falls 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 Little Falls Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

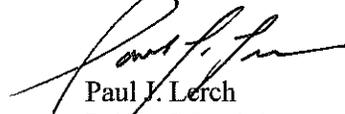
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state program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

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and 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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
September 24, 2012

LITTLE FALLS BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2012

| Federal/Grantor/Pass-Through Grantor/<br>Program Title | Federal<br>CFDA<br>Number | Grant or State<br>Project Number | Grant<br>Period | Award<br>Amount | Balance, July 1, 2011<br>(Accounts<br>Receivable) | Carryover/<br>Walkover<br>Amount | Cash<br>Received | Budgetary<br>Expenditures | Adjustment (1) | Balance, June 30, 2012<br>(Account<br>Receivable) | Due to<br>Grantor | Memo<br>GAAP<br>Receivable |
|--|---------------------------|----------------------------------|-----------------|-----------------|---|----------------------------------|------------------|---------------------------|----------------|---|-------------------|----------------------------|
| <b>U.S. Department of Agriculture</b>                  |                           |                                  |                 |                 |   |                                  |                  |                           |                |   |                   |                            |
| <b>Passed-Through State Department of Education</b>    |                           |                                  |                 |                 |   |                                  |                  |                           |                |   |                   |                            |
| Enterprise Fund  |                           |                                  |                 |                 |   |                                  |                  |                           |                |   |                   |                            |
| National School Lunch Program                          | 10.555                    | N/A                              | 7/1/11-6/30/12  | \$ 68,572       |   |                                  | \$ 64,182        | \$ 68,572                 |                | \$ (4,390)  |                   | \$ (4,390)                 |
| National School Lunch Program                          | 10.555                    | N/A                              | 7/1/10-6/30/11  | 57,944          | (4,105)   |                                  | 4,105            | 19,595                    |                |   |                   |                            |
| Non-Cash Assistance                                    | 10.555                    | N/A                              | 7/1/11-6/30/12  | 19,595          |   |                                  | 19,595           |                           |                |   |                   |                            |
| <b>Total Enterprise Fund</b>                           |                           |                                  |                 |                 | (4,105)   |                                  | 87,882           | 88,167                    |                | (4,390)   |                   | (4,390)                    |
| <b>U.S. Department of Education</b>                    |                           |                                  |                 |                 |   |                                  |                  |                           |                |   |                   |                            |
| <b>Passed-Through State Department of Education</b>    |                           |                                  |                 |                 |   |                                  |                  |                           |                |   |                   |                            |
| General Fund   |                           |                                  |                 |                 |   |                                  |                  |                           |                |   |                   |                            |
| Medicaid Reimbursement                                 | 93.778                    | N/A                              | 7/1/11-6/30/12  | 12,553          |   |                                  | 8,214            | 11,357                    |                | (3,143)   |                   | (3,143)                    |
| Medicaid Reimbursement                                 | 93.778                    | N/A                              | 7/1/10-6/30/11  | 13,844          | (2,534)   |                                  | 2,534            | 27,064                    |                | (27,064)  |                   | (27,064)                   |
| Education Iets Fund                                    | 84.410A                   | N/A                              | 7/1/11-6/30/12  | 27,064          |   |                                  |                  |                           |                |   |                   |                            |
| <b>Total General Fund</b>                              |                           |                                  |                 |                 | (2,534)   |                                  | 10,748           | 38,421                    |                | (30,207)  |                   | (30,207)                   |
| <b>Special Revenue</b>                                 |                           |                                  |                 |                 |   |                                  |                  |                           |                |   |                   |                            |
| N.C.L.B. - Title I                                     | 84.010A                   | NCLB270009                       | 9/1/11-8/31/12  | 59,802          |   |                                  | 19,878           | 54,326                    |                | (39,924)  | \$ 12,072         | (27,852)                   |
| N.C.L.B. - Title I                                     | 84.010A                   | NCLB270009                       | 9/1/10-8/31/11  | 48,397          | (43,897)  | \$ 6,596                         | 37,301           |                           |                | (6,596)   |                   | (6,596)                    |
| N.C.L.B. - Title I                                     | 84.010A                   | NCLB270009                       | 9/1/09-8/31/10  | 29,509          | (10,560)  |                                  | 10,560           |                           |                |   |                   |                            |
| N.C.L.B. - Title II - A                                | 84.367A                   | NCLB270009                       | 9/1/11-8/31/12  | 22,536          |   |                                  | 22,536           | 22,556                    |                |   |                   |                            |
| N.C.L.B. - Title II - A                                | 84.367A                   | NCLB270009                       | 9/1/10-8/31/11  | 26,834          | (17,626)  |                                  | 17,626           |                           |                |   |                   |                            |
| N.C.L.B. - Title II - A                                | 84.367A                   | NCLB270009                       | 9/1/09-8/31/10  | 24,678          | (2,398)   |                                  | 2,398            |                           |                |   |                   |                            |
| N.C.L.B. - Title II - D                                | 84.318X                   | NCLB270009                       | 9/1/10-8/31/11  | 109             | (109)   |                                  |                  | 2,071                     |                | (109)   |                   |                            |
| N.C.L.B. - Title III Immigrant                         | 84-365                    | NCLB270009                       | 9/1/11-8/31/12  | 2,071           |   |                                  | 3,967            |                           |                |   |                   |                            |
| N.C.L.B. - Title III Immigrant                         | 84-365                    | NCLB270009                       | 9/1/10-8/31/11  | 10,850          | (6,396)   |                                  | 4,325            |                           |                | (2,071)   |                   | (2,071)                    |
| N.C.L.B. - Title III Immigrant                         | 84-365                    | NCLB270009                       | 9/1/09-8/31/10  | 1,697           | (300)   |                                  | 300              |                           |                |   |                   |                            |
| N.C.L.B. - Title IV                                    | 84.027                    | IDEA270009                       | 9/1/11-8/31/12  | 183,428         |   |                                  | 180,617          | 183,656                   | (586)          | (2,811)   | 2,818             |                            |
| IDEIA Part B-Basic                                     | 84.027                    | IDEA270009                       | 9/1/10-8/31/11  | 181,583         | (97,935)  |                                  | 97,041           |                           |                | (894)   | 894               |                            |
| IDEIA Part B-Basic                                     | 84.027                    | IDEA270009                       | 9/1/09-8/31/10  | 175,466         | (14,152)  |                                  | 14,152           |                           |                |   |                   |                            |
| IDEIA Part B-Preschool                                 | 84.173                    | IDEA270009                       | 9/1/11-8/31/12  | 10,148          |   |                                  | 10,148           | 10,148                    |                |   |                   |                            |
| IDEIA Part B-Preschool                                 | 84.173                    | IDEA270009                       | 9/1/10-8/31/11  | 10,183          | (7,051)   |                                  | 7,051            |                           |                |   |                   |                            |
| IDEIA ARRA - Basic                                     | 84.391                    | N/A                              | 9/1/09-8/31/11  | 190,046         | (76,835)  |                                  | 76,225           |                           |                | (614)   | 614               |                            |
| <b>Total Special Revenue</b>                           |                           |                                  |                 |                 | (281,230)   |                                  | 504,125          | 272,717                   | (586)          | (53,019)  | 16,507            | (36,519)                   |
| <b>Total Federal Financial Awards</b>                  |                           |                                  |                 |                 | \$ (287,869)                                      | \$ 13,896                        | \$ 602,755       | \$ 399,305                | \$ (586)       | \$ (87,616)                                       | \$ 16,507         | \$ (71,116)                |

Note - This schedule was not subject to a single audit in accordance with OMB-133.

(1) - Represents the cancellation of encumbrances.

LITTLE FALLS BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

| State Grantor/Program Title                              | Grant or State Project Number | Grant Period   | Award Amount | Balance, July 1, 2011 | Carryover Amount | Cash Received | Budgetary Expenditures | Adjustment | Repayment of Prior Yr. Balances | Memo                |                  |                |                 |
|--|-------------------------------|----------------|--------------|-----------------------|------------------|---------------|------------------------|------------|---------------------------------|---------------------|------------------|----------------|-----------------|
|  |                               |                |              |                       |                  |               |                        |            |                                 | Accounts Receivable | Deferred Revenue | Due to Grantor | GAAP Receivable |
| State Department of Education                            |                               |                |              |                       |                  |               |                        |            |                                 |                     |                  |                |                 |
| General Fund   |                               |                |              |                       |                  |               |                        |            |                                 |                     |                  |                |                 |
| Special Education Categorical Aid                        | 12-495-034-5120-089           | 7/1/11-6/30/12 | \$ 421,245   |                       |                  | \$ 381,439    | \$ 421,245             |            |                                 |                     |                  | \$ 421,245     |                 |
| Special Education Categorical Aid                        | 11-495-034-5120-089           | 7/1/10-6/30/11 | 173,689      | \$ (14,017)           |                  | 14,017        |                        |            |                                 |                     |                  |                |                 |
| Special Education Categorical Aid                        | 12-100-034-5120-473           | 7/1/11-6/30/12 | 197,864      |                       |                  |               | 197,864                |            |                                 |                     |                  | 197,864        |                 |
| Extraordinary Aid  | 11-100-034-5120-473           | 7/1/10-6/30/11 | 167,245      | (167,245)             |                  | 167,245       |                        |            |                                 |                     |                  |                |                 |
| Extraordinary Aid  | N/A                           | 7/1/11-6/30/12 | 9,061        |                       |                  |               | 9,061                  |            |                                 |                     |                  | \$ (9,061)     |                 |
| Additional Nonpublic Transportation Aid                  | N/A                           | 7/1/10-6/30/11 | 12,702       | (12,702)              |                  |               |                        |            |                                 |                     |                  |                |                 |
| Additional Nonpublic Transportation Aid                  | 12-495-034-5095-002           | 7/1/11-6/30/12 | 479,139      |                       |                  |               | 479,139                |            |                                 |                     |                  | (24,064)       |                 |
| Reimbursed TPAF Social Security Contribution             | 11-495-034-5095-002           | 7/1/10-6/30/11 | 466,681      | (23,267)              |                  | 23,267        |                        |            |                                 |                     |                  |                |                 |
| Reimbursed TPAF Social Security Contribution             | 12-495-034-5095-006           | 7/1/11-6/30/12 | 176,913      |                       |                  |               | 176,913                |            |                                 |                     |                  | 176,913        |                 |
| On-Behalf TPAF Normal Pension Contribution               | 12-495-034-5095-006           | 7/1/11-6/30/12 | 18,985       |                       |                  |               | 18,985                 |            |                                 |                     |                  | 18,985         |                 |
| On-Behalf TPAF - NCGI Premium                            | 12-495-034-5095-007           | 7/1/11-6/30/12 | 393,807      |                       |                  |               | 393,807                |            |                                 |                     |                  | 393,807        |                 |
| On-Behalf TPAF Post Retirement Medical Contribution      | 12-495-034-5095-001           | 7/1/11-6/30/12 |              |                       |                  |               |                        |            |                                 |                     |                  |                |                 |
| Total General Fund                                       |                               |                |              | (217,231)             |                  | 1,643,450     | 1,697,014              |            |                                 |                     | (270,795)        | (33,125)       | 1,697,014       |
| State Department of Agriculture                          |                               |                |              |                       |                  |               |                        |            |                                 |                     |                  |                |                 |
| Enterprise Fund  |                               |                |              |                       |                  |               |                        |            |                                 |                     |                  |                |                 |
| National School Lunch Program (State Share)              | 12-100-010-3350-023           | 7/1/11-6/30/12 | 2,898        |                       |                  | 2,734         | 2,898                  |            |                                 |                     |                  | (164)          | 2,898           |
| National School Lunch Program (State Share)              | 11-100-010-3350-023           | 7/1/10-6/30/11 | 2,415        | (183)                 |                  | 183           |                        |            |                                 |                     |                  |                |                 |
| Total Enterprise Fund                                    |                               |                |              | (183)                 |                  | 2,917         | 2,898                  |            |                                 |                     | (164)            | (164)          | 2,898           |
| Total State Financial Assistance                         |                               |                |              | (217,414)             |                  | 1,646,367     | 1,699,912              |            |                                 |                     | (270,959)        | (33,289)       | 1,699,912       |
| Not Subject to Single Audit Determination                |                               |                |              |                       |                  |               |                        |            |                                 |                     |                  |                |                 |
| General Fund   |                               |                |              |                       |                  |               |                        |            |                                 |                     |                  |                |                 |
| On-Behalf TPAF Pension System Contributions-Normal       | 12-495-034-5095-007           | 7/1/11-6/30/12 | 176,913      |                       |                  | (176,913)     | (176,913)              |            |                                 |                     |                  |                | (176,913)       |
| On-Behalf TPAF Post-Retirement Medical Contributions     | 12-495-034-5095-001           | 7/1/11-6/30/12 | 393,807      |                       |                  | (393,807)     | (393,807)              |            |                                 |                     |                  |                | (393,807)       |
| On-Behalf TPAF - NCGI Premium                            | 12-495-034-5095-007           | 7/1/11-6/30/12 | 18,985       |                       |                  | (18,985)      | (18,985)               |            |                                 |                     |                  |                | (18,985)        |
| Total State Financial Assistance Subject to Single Audit |                               |                |              | (217,414)             |                  | 1,056,662     | 1,110,207              |            |                                 |                     | (270,959)        | (33,289)       | \$ 1,110,207    |

**NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**



**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Little Falls 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. The information in these schedules is presented in accordance with requirements of U.S. 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". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the 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.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$56,408 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               | \$ 38,421         | \$ 1,640,606        | \$ 1,679,027        |
| Special Revenue Fund       | 272,717           |                     | 272,717             |
| Food Service Fund          | <u>88,167</u>     | <u>2,898</u>        | <u>91,065</u>       |
| Total Financial Assistance | <u>\$ 399,305</u> | <u>\$ 1,643,504</u> | <u>\$ 2,042,809</u> |

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$479,139 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$195,898 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$393,807 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

**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.

**LITTLE FALLS BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Part I – Summary of Auditor’s Results*

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified?            Yes   X   No

2) Significant deficiencies identified that are not considered to be material weaknesses?            Yes   X   None reported

Noncompliance material to the basic financial statements noted?            Yes   X   No

**Federal Awards Section** - Not Applicable



**LITTLE FALLS BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*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.

**LITTLE FALLS BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Part 3 - Schedule of Federal and State Award Findings and Questioned Costs*

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

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**CURRENT YEAR STATE AWARDS**

There are none.

**LITTLE FALLS BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 are none.