

MIDLAND PARK
BOARD OF EDUCATION

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2012**

Midland Park, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Midland Park Board of Education

Midland Park, New Jersey

For The Fiscal Year Ended June 30, 2012

Prepared by

**Midland Park Board of Education
Business Office**

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INTRODUCTORY SECTION



NJDOE State Board of Education
NJDOE State School

MIDLAND PARK PUBLIC SCHOOLS

District Administration Offices
31 Highland Avenue
Midland Park, New Jersey 07432

Grades School

Highland School

Midland Park High School

Marie C. Cirasella, Ed.D.
Superintendent of Schools
v. (201) 444-1400, x107
f. (201) 444-3051
e. mcirasella@midlandparkschools.k12.nj.us

Stacy C. Garvey
Business Administrator/Board Secretary
v: (201) 444-1400, x103
f: (201) 444-3051
e: sgarvey@midlandparkschools.k12.nj.us

November 16, 2012

Honorable President and
Members of the Board of Education
Midland Park School District
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Midland Park School 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 Midland Park Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditor's report thereon. The financial section also includes Management's Discussion and Analysis, which is an overview of the District's current financial status and future outlook. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, as amended and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Midland Park School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by NCGA Statement No. 3. All funds of the District are included in this report. The Midland Park Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2011-2012 fiscal year with an enrollment of 1090 students.

2. **ECONOMIC CONDITION AND OUTLOOK:** The Midland Park area is almost completely developed and expansion is limited. There are, however, some businesses relocating to the area; resulting in moderate increases in the employment level, which results in a somewhat increase in this tax base, both residential and industrial. The Midland Park area will continue to prosper as its population cycle continues to evolve in a sequenced pattern.

3. **MAJOR INITIATIVES:** The District continues to address student achievement results seeking to improve student grade level cohort performance, with a focus on Student Growth Percentile (SGP) measures. Emphasis will be placed on student cohort/content areas identified through analysis of state benchmark assessments and in-district formative assessment results.

In compliance with the TEACHNJ Act, the district will address the level of instructional accountability in the classroom through the use of the Danielson/Teachscape system in the observation / evaluation process and standardizing student expectations to insure consistency among course cohorts as needed.

Finally, the district's teachers/secretarial/custodial association contract ends June 30, 2013. The district will seek to devise and implement an action plan to prepare for the negotiations process, seeking to insure the attainment of desired objectives.

4. **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.

5. **BUDGETARY CONTROLS:** *In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality.*

Annual appropriated budgets are adopted for the current, capital outlay and special schools sections in the General Fund, the Special Revenue Fund and the Debt Service fund. The final budget amount as amended for the fiscal year is reflected in the financial section of this report.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis.

6. **ACCOUNTING SYSTEM AND REPORTS:** *The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). Detailed information regarding the District's accounting system and financial results is reflected in the financial section of this report.*

7. **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 3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.*

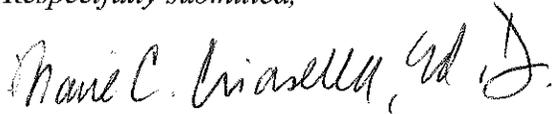
8. **RISK MANAGEMENT:** *The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.*

9. **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 CPAs, 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 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. **ACKNOWLEDGMENTS:** *We would like to express our appreciation to the members of the Midland Park School Board 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.*

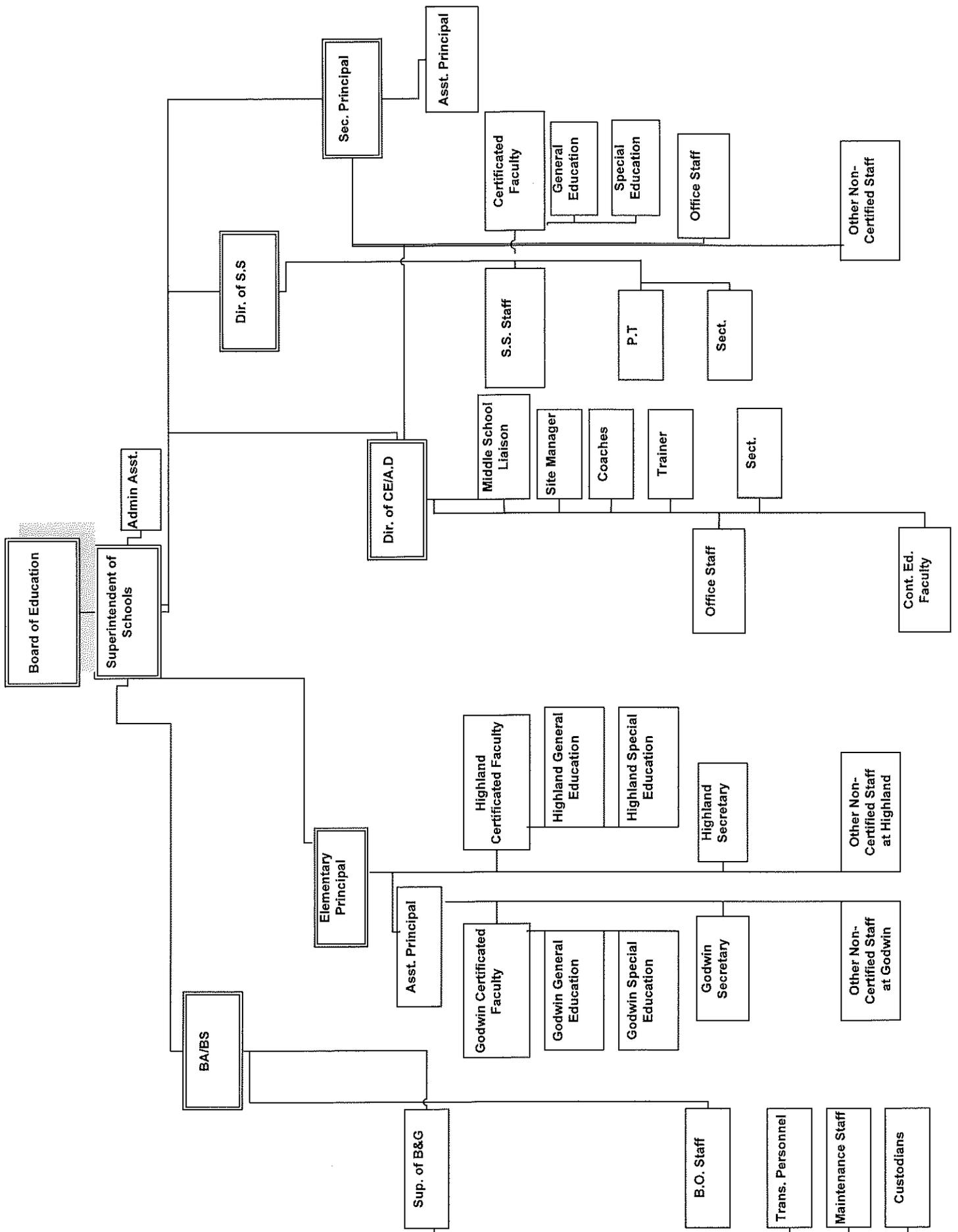
Respectfully submitted,



*Marie Cirasella, Ed. D.,
Superintendent of Schools*



*Stacy Gary,
Board Secretary/Business Administrator*



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

ROSTER OF OFFICIALS

JUNE 30, 2012

<u>Members of the Board of Education</u>	<u>Term</u>
<i>James Canellas</i>	2014
<i>Richard Formicola</i>	2013
<i>Brian McCourt</i>	2013
<i>Robert Schiffer</i>	2015
<i>Dr. MaryAlice Thomas</i>	2014
<i>Timothy Thomas</i>	2015
<i>Peter Triolo (2 year unexpired-term)</i>	2014
<i>Sandra Criscenzo (V.P)</i>	2013
<i>William Sullivan (Pres.)</i>	2015

Other Officials

Marie Cirasella, Superintendent of Schools

Stacy Garvey, School Business Administrator/Board Secretary

MIDLAND PARK BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Lerch, Vinci & Higgins, LLP

17-17 Route 208

Fair Lawn, NJ 07410

Attorney

Fogarty & Hara

1600 State Rt. 208

Fair Lawn, NJ 07410

Official Depository

Columbia Bank

Godwin Avenue

Midland Park, NJ 07432

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midland Park 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 Midland Park 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 Midland Park 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.

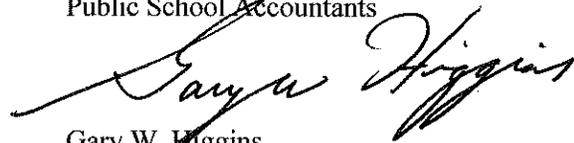
In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2012 on our consideration of the Midland Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Midland Park Board of Education's basic financial statements as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining fund 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 fund 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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 16, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Midland Park Board of Education Midland Park, New Jersey

Management's Discussion and Analysis Year Ended June 30, 2012

This section of the Midland Park Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2011-2012 fiscal year are as follows:

- Net assets increased by \$736,318 over the June 30, 2011 balance.
- General revenues of \$18,412,925 accounted for 84 percent of all revenues. Program revenues of \$3,561,384 accounted for 16 percent of total revenues of \$21,974,309.
- Among major funds, the General Fund had \$20,634,842 in revenues and other financing sources and \$20,043,339 in expenditures. The General Fund's fund balance increased \$591,503 over the prior year.
- In total, fund balance of Governmental Funds increased \$591,503, which represents a 30 percent increase from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**Midland Park Board of Education
Midland Park, New Jersey**

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The governmental funds statements tell how basic services such as regular and special education instruction and support services 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 Midland Park Board of Education operates like businesses. The food service operation is considered a proprietary fund.
- Fiduciary funds statements provide information about the financial relationship in which the District acts as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Midland Park Board of Education's financial statements, including the portion of the Midland Park Board of Education 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.

**Midland Park Board of Education
Midland Park, New Jersey**

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

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

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

**Midland Park Board of Education
Midland Park, New Jersey**

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

District-wide Statements

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

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

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

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

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, administration and community education. 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 certain services it provides. The District's Food Service Fund is included here.

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/or 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).

**Midland Park Board of Education
Midland Park, New Jersey**

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

The district has three kinds of funds:

- *Governmental funds*- Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds*- Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as in the district-wide statements.
- *Fiduciary funds*- The District is the trustee, or *fiduciary*, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

This report also includes Notes to the Basic Financial Statements. The notes provide additional information provided in the district-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also includes the required supplementary information.

FINANCIAL ANALYSIS OF THE MIDLAND PARK BOARD OF EDUCATION AS A WHOLE

The district's financial position is the product of many financial transactions including the net results of activities, the issuance 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 as of June 30, 2012 and 2011.

Net assets. The district's combined net assets were \$6,209,740 and \$4,603,105 on June 30, 2012. (See Table A-1). There was a prior period adjustment made of \$870,317 to adjust the invested in capital assets, net balance based on a revised capital asset inventory report finalized by the District during 2011/2012.

**Midland Park Board of Education
Midland Park, New Jersey**

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

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and Other Assets	\$ 3,139,982	\$ 2,622,134	\$ 84,372	\$ 70,493	\$ 3,224,354	\$ 2,692,627
Capital Assets - Net	<u>8,190,119</u>	<u>7,546,120</u>	<u>61,733</u>	<u>9,793</u>	<u>8,251,852</u>	<u>7,555,913</u>
Total Assets	<u>11,330,101</u>	<u>10,168,254</u>	<u>146,105</u>	<u>80,286</u>	<u>11,476,206</u>	<u>10,248,540</u>
Long-Term Liabilities	4,729,137	4,929,366			4,729,137	4,929,366
Other Liabilities	<u>531,688</u>	<u>711,772</u>	<u>5,641</u>	<u>4,297</u>	<u>537,329</u>	<u>716,069</u>
Total Liabilities	<u>5,260,825</u>	<u>5,641,138</u>	<u>5,641</u>	<u>4,297</u>	<u>5,266,466</u>	<u>5,645,435</u>
Net Assets:						
Invested in capital assets, net of related debt	3,825,542	2,890,629	61,733	9,793	3,887,275	2,900,422
Restricted	966,860	351,875			966,860	351,875
Unrestricted	<u>1,276,874</u>	<u>1,284,612</u>	<u>78,731</u>	<u>66,196</u>	<u>1,355,605</u>	<u>1,350,808</u>
Total Net Assets	<u>\$ 6,069,276</u>	<u>\$ 4,527,116</u>	<u>\$ 140,464</u>	<u>\$ 75,989</u>	<u>\$ 6,209,740</u>	<u>\$ 4,603,105</u>

Table A-2 on the following page shows changes in net assets for fiscal years 2012 and 2011.

Changes in Net Assets. The District's total revenues were \$21,974,309 for the year ended June 30, 2012. Property taxes accounted for 80% of the total revenues for the school year. Operating grants and contributions were 12%. The balance or 8% was obtained from charges for services, investment earnings and other miscellaneous revenue.

The total cost of all programs and services was \$21,237,991. The District's expenses are predominantly related to educating and caring for students (77%). The purely administrative activities of the District accounted for just 10% of total costs.

Total revenues exceeded expenses, which resulted in an increase in net assets of \$736,318 over last year.

**Midland Park Board of Education
Midland Park, New Jersey**

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

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program Revenues						
Charges for Services	\$ 658,863	\$ 561,131	\$ 277,845	\$ 259,182	\$ 936,708	\$ 820,313
Operating Grants and Contributions	2,554,206	1,891,083	70,470	58,513	2,624,676	1,949,596
General Revenues						
Property Taxes	17,604,887	17,269,449			17,604,887	17,269,449
Federal and State Aid - Formula Grants		77,936			-	77,936
Investment Earnings	8,397	14,723	179	272	8,576	14,995
Other	799,462	809,816	-	-	799,462	809,816
Total Revenues	<u>21,625,815</u>	<u>20,624,138</u>	<u>348,494</u>	<u>317,967</u>	<u>21,974,309</u>	<u>20,942,105</u>
Expenses						
Instruction						
Regular	7,688,003	6,901,491			7,688,003	6,901,491
Special Education	4,419,116	4,774,144			4,419,116	4,774,144
School Sponsored Activities and Ath.	584,681	538,492			584,681	538,492
Other	726,031	337,381			726,031	337,381
Support Services						
Student and Instruction Related Serv.	2,894,049	2,838,277			2,894,049	2,838,277
General Administration Services	505,565	525,830			505,565	525,830
School Administration Services	1,074,035	1,000,521			1,074,035	1,000,521
Business / Central Services	626,679	636,544			626,679	636,544
Plant Operations and Maintenance	1,672,952	1,521,540			1,672,952	1,521,540
Pupil Transportation	545,018	565,859			545,018	565,859
Food Services	-	-	340,708	305,068	340,708	305,068
	<u>20,736,129</u>	<u>19,640,079</u>	<u>340,708</u>	<u>305,068</u>	<u>21,076,837</u>	<u>19,945,147</u>
Interest on Long-Term Debt	<u>161,154</u>	<u>198,631</u>	<u>-</u>	<u>-</u>	<u>161,154</u>	<u>198,631</u>
Total Expenses	<u>20,897,283</u>	<u>19,838,710</u>	<u>340,708</u>	<u>305,068</u>	<u>21,237,991</u>	<u>20,143,778</u>
Change in Net Assets	728,532	785,428	7,786	12,899	736,318	798,327
Net Assets, Beginning of Year	<u>4,527,116</u>	<u>3,741,688</u>	<u>75,989</u>	<u>63,090</u>	<u>4,603,105</u>	<u>3,804,778</u>
Prior Period Adjustment-Capital Assets, Net	<u>813,628</u>	<u>-</u>	<u>56,689</u>	<u>-</u>	<u>870,317</u>	<u>-</u>
Net Assets, End of Year	<u>\$ 6,069,276</u>	<u>\$ 4,527,116</u>	<u>\$ 140,464</u>	<u>\$ 75,989</u>	<u>\$ 6,209,740</u>	<u>\$ 4,603,105</u>

**Midland Park Board of Education
Midland Park, New Jersey**

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

**Table A-3
Cost 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	\$ 7,688,003	\$ 6,901,491	\$ 6,708,113	\$ 6,017,192
Special Education	4,419,116	4,774,144	3,230,075	4,131,021
School Sponsored Activities and Athletics	584,681	538,492	522,745	486,188
Other	726,031	337,381	55,765	(260,274)
Support Services				
Student and Instruction Related Svcs.	2,894,049	2,838,277	2,665,014	2,679,346
General Administration Services	505,565	525,830	505,565	482,550
School Administration Services	1,074,035	1,000,521	991,134	932,423
Business / Central Services	626,679	636,544	626,679	636,544
Plant Operations and Maintenance	1,672,952	1,521,540	1,672,952	1,519,635
Pupil Transportation	545,018	565,859	545,018	563,240
Interest on Long-Term Debt	161,154	198,631	161,154	198,631
Total Governmental Activities	<u>\$ 20,897,283</u>	<u>\$ 19,838,710</u>	<u>\$ 17,684,214</u>	<u>\$ 17,386,496</u>

The following schedule presents a comparison of General Fund revenues for the fiscal years ended June 30, 2012 and 2011.

General Fund Revenues

	<u>Year Ended June 30,</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2012</u>	<u>2011</u>		
Local Sources:				
Property Taxes	\$ 17,154,828	\$ 16,818,459	\$ 336,369	2.0%
Interest Earnings	7,737	11,574	(3,837)	-33.2%
Miscellaneous	1,458,985	1,370,945	88,040	6.4%
Intergovernmental				
State Sources	1,986,724	1,381,544	605,180	43.8%
Federal Sources	1,068	34,095	(33,027)	100.0%
Total Revenues	<u>\$ 20,609,342</u>	<u>\$ 19,616,617</u>	<u>\$ 992,725</u>	5.1%

**Midland Park Board of Education
Midland Park, New Jersey**

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

The following schedule presents a comparison of General Fund (Budgetary Basis) expenditures for the fiscal years ended June 30, 2012 and 2011.

General Fund Expenditures

	<u>Year Ended June 30,</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>2012</u>	<u>2011</u>		
Instruction	\$ 12,727,237	\$ 12,021,504	\$ 705,733	5.9%
Undistributed Expenditures	7,008,779	6,825,857	182,922	2.7%
Debt Service	62,480	37,950	24,530	100.0%
Capital Outlay	<u>244,843</u>	<u>206,902</u>	<u>37,941</u>	18.3%
 Total Expenditures	 <u>\$ 20,043,339</u>	 <u>\$ 19,092,213</u>	 <u>\$ 951,126</u>	 5.0%

Capital Assets. As of June 30, 2012 and 2011, the school district had invested in land, site improvements, buildings, furniture, machinery and equipment as follows:

Table A-4

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 28,714	\$ 28,714			\$ 28,714	\$ 28,714
Site Improvements	535,056	13,800			535,056	13,800
Buildings and Building Improvements	13,205,044	11,765,550			13,205,044	11,765,550
Machinery and Equipment	<u>2,696,236</u>	<u>987,858</u>	<u>\$ 287,494</u>	<u>\$ 46,935</u>	<u>2,983,730</u>	<u>1,034,793</u>
 Total	 16,465,050	 12,795,922	 287,494	 46,935	 16,752,544	 12,842,857
Less: Accumulated Depreciation	<u>(8,274,931)</u>	<u>(5,249,802)</u>	<u>(225,761)</u>	<u>(37,142)</u>	<u>(8,500,692)</u>	<u>(5,286,944)</u>
 Total	 <u>\$ 8,190,119</u>	 <u>\$ 7,546,120</u>	 <u>\$ 61,733</u>	 <u>\$ 9,793</u>	 <u>\$ 8,251,852</u>	 <u>\$ 7,555,913</u>

Debt Administration. As of June 30, 2012 and 2011 the school district had long-term liabilities in the amount of \$4,723,027 and \$4,929,366 as follows:

**Midland Park Board of Education
Midland Park, New Jersey**

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

Debt Administration (Continued)

**Table A-5
Long-Term Debt
Outstanding Long-Term Liabilities**

	<u>2012</u>	<u>2011</u>
Bonds Payable	\$ 4,265,000	\$ 4,463,000
Capital Leases	184,882	212,448
Compensated Absences Payable	<u>273,145</u>	<u>253,918</u>
 Total	 <u>\$ 4,723,027</u>	 <u>\$ 4,929,366</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Midland Park Board of Education, 31 Highland Avenue, Midland Park, New Jersey 07432. Telephone: 201-444-1400.

BASIC FINANCIAL STATEMENTS

MIDLAND PARK BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,914,632	\$ 77,251	\$ 2,991,883
Receivables, net			
Receivables from Other Governments	86,026	2,650	88,676
Other	11,852		11,852
Inventory		4,471	4,471
Prepaid Items	36,057		36,057
Deferred Charges	91,415		91,415
Capital Assets, Not Being Depreciated	28,714		28,714
Capital Assets, Being Depreciated, Net	<u>8,161,405</u>	<u>61,733</u>	<u>8,223,138</u>
 Total Assets	 <u>11,330,101</u>	 <u>146,105</u>	 <u>11,476,206</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	347,284	4,695	351,979
Accrued Interest Payable	36,628		36,628
Payable to State Government	84,683		84,683
Payable to Federal Government	280		280
Unearned Revenue	62,813	946	63,759
Long-Term Liabilities			
Due Within One Year	375,690		375,690
Due Beyond One Year	<u>4,353,447</u>	<u>-</u>	<u>4,353,447</u>
 Total Liabilities	 <u>5,260,825</u>	 <u>5,641</u>	 <u>5,266,466</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	3,825,542	61,733	3,887,275
Restricted for:			
Capital Projects	834,460		834,460
Other Purposes	132,400		132,400
Unrestricted	<u>1,276,874</u>	<u>78,731</u>	<u>1,355,605</u>
 Total Net Assets	 <u>\$ 6,069,276</u>	 <u>\$ 140,464</u>	 <u>\$ 6,209,740</u>

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

MIDLAND PARK 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	\$ 7,688,003	\$ 27,700	\$ 952,190		\$ (6,708,113)	\$	\$ (6,708,113)
Special Education	4,419,116		1,189,041		(3,230,075)		(3,230,075)
School Sponsored Activities and Athletics	584,681		61,936		(522,745)		(522,745)
Other	726,031	631,163	39,103		(55,765)		(55,765)
Support Services							
Student and Instruction- Related Services	2,894,049		229,035		(2,665,014)		(2,665,014)
General Administration Services	505,565				(505,565)		(505,565)
School Administration Services	1,074,035		82,901		(991,134)		(991,134)
Business / Central Services	626,679				(626,679)		(626,679)
Plant Operations and Maintenance	1,672,952				(1,672,952)		(1,672,952)
Pupil Transportation	545,018				(545,018)		(545,018)
Interest on Long-Term Debt	161,154				(161,154)		(161,154)
Total Governmental Activities	20,897,283	658,863	2,554,206		(17,684,214)		(17,684,214)
Business-Type Activities							
Food Service	340,708	277,845	70,470			7,607	7,607
Total Business-Type Activities	340,708	277,845	70,470			7,607	7,607
Total Primary Government	\$ 21,237,991	\$ 936,708	\$ 2,624,676	\$	(17,684,214)	7,607	(17,676,607)
General Revenues:							
Property Taxes levied for General Purposes					17,154,828		17,154,828
Property Taxes levied for Debt Service					450,059		450,059
Investment Earnings					8,397	179	8,576
Miscellaneous Income					799,462		799,462
Total General Revenues					18,412,746	179	18,412,925
Change in Net Assets					728,532	7,786	736,318
Net Assets, Beginning of Year					4,527,116	75,989	4,603,105
Prior Period Adjustment-Capital Assets, Net					813,628	56,689	870,317
Net Assets, End of Year					\$ 6,069,276	\$ 140,464	\$ 6,209,740

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

FUND FINANCIAL STATEMENTS

**MIDLAND PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,878,680	\$ 35,355	\$ 597		\$ 2,914,632
Receivables from Other Governments	29,496	55,952	578		86,026
Other Accounts Receivable	4,228	7,624			11,852
Prepaid Expenditures	36,057	-	-	-	36,057
Total Assets	<u>\$ 2,948,461</u>	<u>\$ 98,931</u>	<u>\$ 1,175</u>	<u>\$ -</u>	<u>\$ 3,048,567</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 296,934	\$ 10,350			\$ 307,284
Due to Other Funds	40,000				40,000
Payable to Federal Government		280			280
Payable to State Government		84,683			84,683
Deferred Revenue	58,217	3,618	978	-	62,813
Total Liabilities	<u>395,151</u>	<u>98,931</u>	<u>978</u>	<u>-</u>	<u>495,060</u>
Fund Balances					
Nonspendable Fund Balance					
Prepaid Expense-Adult Education Program	36,057				36,057
Restricted Fund Balance					
Capital Reserve	834,263				834,263
Adult Education Program	3,268				3,268
Reserved for Excess Surplus- Designated for Subsequent Years Expenditures	338,486				338,486
Reserve Excess Surplus	384,037				384,037
Capital Projects Fund			197		197
Committed Fund Balance					
Year-End Encumbrances	267,345				267,345
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures (Adult Education)	93,075				93,075
Year-End Encumbrances	239,714				239,714
Unassigned, Reported in General Fund	357,065	-	-	-	357,065
Total Fund balances	<u>2,553,310</u>	<u>-</u>	<u>197</u>	<u>-</u>	<u>2,553,507</u>
Total Liabilities and Fund Balances	<u>\$ 2,948,461</u>	<u>\$ 98,931</u>	<u>\$ 1,175</u>	<u>\$ -</u>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,465,050 and the accumulated depreciation is \$8,274,931. 8,190,119

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (36,628)

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

Serial Bonds Payable	\$ (4,265,000)
Capital Leases	(184,882)
Less:	
Premium on Issuance	(222,735)
Add:	
Deferred Charge on Refunding	216,625
Deferred Charge (Issuance Costs)	91,415
Compensated Absences Payable	(273,145)
	<u>(4,637,722)</u>

Net Assets of Governmental Activities \$ 6,069,276

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 17,154,828			\$ 450,059	\$ 17,604,887
Miscellaneous	1,466,722	\$ 43,188	-	-	1,509,910
Total - Local Sources	<u>18,621,550</u>	<u>43,188</u>	<u>-</u>	<u>450,059</u>	<u>19,114,797</u>
State Sources	1,986,724	155,579	-		2,142,303
Federal Sources	1,068	367,647	-	-	368,715
Total Revenues	<u>20,609,342</u>	<u>566,414</u>	<u>-</u>	<u>450,059</u>	<u>21,625,815</u>
EXPENDITURES					
Current					
Regular Instruction	7,381,516	97,632			7,479,148
Special Education Instruction	4,064,352	308,967			4,373,319
Other Instruction	708,818				708,818
School-Sponsored Activities and Athletics	572,551				572,551
Student and Instruction Related Services	2,669,225	155,579			2,824,804
General Administration Services	497,309				497,309
School Administration Services	1,046,950				1,046,950
Central Services	614,018				614,018
Plant Operations and Maintenance	1,654,691				1,654,691
Pupil Transportation	540,975				540,975
Debt Service					
Principal	53,066			270,000	323,066
Interest	9,414			180,059	189,473
Cost of Issuance of Refunding Bonds				78,110	78,110
Payment to Refunding Escrow Agent				216,625	216,625
Capital Outlay	230,454	4,236	-	-	234,690
Total Expenditures	<u>20,043,339</u>	<u>566,414</u>	<u>-</u>	<u>744,794</u>	<u>21,354,547</u>
Excess (Deficiency) of Revenues					
Over Expenditures	566,003	-	-	(294,735)	271,268
OTHER FINANCING SOURCES (USES)					
Capital Leases	25,500			-	25,500
Payments to Refunding Escrow Agent				(3,623,000)	(3,623,000)
Refunding Bond Proceeds				3,695,000	3,695,000
Premium on Issuance Of Refunding Bond	-	-	-	222,735	222,735
Total Other Financing Sources and Uses	<u>25,500</u>	<u>-</u>	<u>-</u>	<u>294,735</u>	<u>320,235</u>
Net Change in Fund Balances	591,503	-	-	-	591,503
Fund Balance, Beginning of Year	1,961,807	-	\$ 197	-	1,962,004
Fund Balance, End of Year	<u>\$ 2,553,310</u>	<u>\$ -</u>	<u>\$ 197</u>	<u>\$ -</u>	<u>\$ 2,553,507</u>

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

**MIDLAND PARK BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 591,503

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

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

Capital Outlay	\$ 234,690	
Depreciation Expense	<u>(404,319)</u>	(169,629)

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 (+). 34,971

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. An increase in accrued interest is a decrease in the reconciliation and a decrease in accrued interest is an increase. (19,227)

Governmental Funds report the effect of issuance costs pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (6,652)

The issuance of long-term debt provides current financial resources to governmental funds. 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:

Debt Issued or Incurred:		
Refunding Bonds Issued	(3,695,000)	
Original Issue Premium	(222,735)	
Debt Issuance Costs	<u>78,110</u>	(3,839,625)

Payment to Escrow Agent for Refunding		3,839,625
---------------------------------------	--	-----------

Debt Issued Or Incurred		
Capital Lease financing		(25,500)
Capital Leases Principal Repayment		53,066
Serial Bonds Principal Repayment		<u>270,000</u>

Change in Net Assets of Governmental Activities \$ 728,532

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

**MIDLAND PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2012**

		Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	77,251
Intergovernmental Receivable		
State		168
Federal		2,482
Inventories		4,471
		<hr/>
Total Current Assets		84,372
Capital Assets		
Equipment		287,494
Less: Accumulated Depreciation		(225,761)
		<hr/>
Total Capital Assets, Net		61,733
		<hr/>
Total Assets		146,105
		<hr/>
LIABILITIES		
Current Liabilities		
Accounts Payable		4,695
Unearned Revenue		946
		<hr/>
Total Current Liabilities		5,641
		<hr/>
Total Liabilities		5,641
		<hr/>
NET ASSETS		
Invested in Capital Assets Net of Related Debt		61,733
Unrestricted		78,731
		<hr/>
Total Net Assets	\$	<u>140,464</u>

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

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

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 276,706
Special Functions	1,139
	277,845
OPERATING EXPENSES	
Cost of Sales	157,317
Salaries and Employee Benefits	128,338
Purchased Services-Management Fee	16,682
Repairs	1,792
Depreciation	13,688
Supplies and Materials	21,841
Miscellaneous Expenditures	1,050
	340,708
Operating Loss	(62,863)
NONOPERATING REVENUES	
Local Sources	
Interest on Investments	179
State Sources	
School Lunch Program	3,324
Federal Sources	
School Breakfast Program	502
National School Lunch Program	66,644
	70,649
Change in Net Assets	7,786
Total Net Assets, Beginning of Year	75,989
Prior Period Adjustment-Capital Assets, Net	56,689
Total Net Assets, End of Year	\$ 140,464

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

**MIDLAND PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Business-Type Activities Enterprise Fund Food Service
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 277,845
Cash Payments for Employees' Salaries and Benefits	(128,338)
Cash Payments to Suppliers for Goods and Services	<u>(176,928)</u>
Net Cash Used by Operating Activities	<u>(27,421)</u>
Cash Flows from Capital Financing Activities	
Purchase of Capital Assets	<u>(8,939)</u>
Net Cash Used by Capital Financing Activities	<u>(8,939)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>48,817</u>
Net Cash Provided by Noncapital Financing Activities	<u>48,817</u>
Cash Flows from Investing Activities	
Interest Received	<u>179</u>
Net Cash Provided by Investing Activities	<u>179</u>
Net Increase in Cash and Cash Equivalents	12,636
Cash and Cash Equivalents, Beginning of Year	<u>64,615</u>
Cash and Cash Equivalents, End of Year	<u>\$ 77,251</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	\$ <u>(62,863)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities	
Depreciation	13,688
Non-Cash Federal Assistance - National School Lunch (Food Distribution)	19,179
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	2,043
Increase/(Decrease) in Unearned Revenue	(699)
(Increase)/Decrease in Inventory	<u>1,231</u>
Total Adjustments	<u>35,442</u>
Net Cash Used by Operating Activities	<u>\$ (27,421)</u>
Non-Cash Financing Activities	
National School Lunch (Food Distribution)	\$ 18,480

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

**MIDLAND PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2012**

	Unemployment Compensation <u>Trust Fund</u>	Scholarships <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 33,815	\$ 14,034	\$ 180,892
Due from Other Funds	<u>40,000</u>	<u>-</u>	<u>-</u>
Total Assets	<u>73,815</u>	<u>14,034</u>	<u>\$ 180,892</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 37,223
Accrued Salaries and Wages			11,085
Reserve for Flexible Spending (Sect. 125) Plan			4,256
Due to the State Government	11,076		
Due to Student Groups	<u>-</u>	<u>-</u>	<u>128,328</u>
Total Liabilities	<u>11,076</u>	<u>-</u>	<u>\$ 180,892</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 62,739</u>	<u>\$ 14,034</u>	

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

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

	Unemployment Compensation <u>Trust Fund</u>	<u>Scholarships Trust Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 32,216	
Board	<u>40,000</u>	
Total Contributions	<u>72,216</u>	<u>-</u>
Investment Earnings		
Interest	<u>115</u>	\$ <u>105</u>
Net Investment Earnings	<u>115</u>	<u>105</u>
Total Additions	<u>72,331</u>	<u>105</u>
DEDUCTIONS		
Scholarships Awarded		2,750
Administrative Bank Charges		9
Unemployment Claims and Contributions	<u>75,907</u>	<u>-</u>
Total Deductions	<u>75,907</u>	<u>2,759</u>
Change in Net Assets	(3,576)	(2,654)
Net Assets, Beginning of the Year	<u>66,315</u>	<u>16,688</u>
Net Assets, End of the Year	<u>\$ 62,739</u>	<u>\$ 14,034</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIDLAND PARK 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 Midland Park Board of Education (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of 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 Midland Park Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. 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 (based on specific District activities or objectives). 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.

**MIDLAND PARK 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.

**MIDLAND PARK 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)

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.

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

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.

Additionally, the government reports the following fund types:

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

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

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

**MIDLAND PARK 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)

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

2. Receivables and Payables

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

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

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

Tuition Expenditures - Tuition charges for the fiscal years 2010-2011 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.

**MIDLAND PARK 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)

2. *Receivables and Payables (Continued)*

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

3. *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. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

5. *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.

**MIDLAND PARK 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)

5. *Capital Assets (Continued)*

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 and Building Improvements	40
Machinery and Equipment	8-10
Office Equipment and Furniture	10
Computer Equipment	5

6. *Compensated Absences*

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

7. *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.

8. *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.

MIDLAND PARK 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)

8. *Fund Equity (Continued)*

Nonspendable Fund Balance – Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Prepaid Expense – Adult Education Program - Represents the portion of fund balance not available for future spending related to costs associated with and chargeable to future accounting periods.

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

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

Adult Education Programs – This restriction was created in accordance with NJSA 18A:50-6 to represent the accumulated surplus from excess program fees and sources other than property taxes over the operating costs of the District's Adult Education Program.

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, 2011 audited excess surplus that was appropriated in the 2012/2013 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 Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

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

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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

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.

**MIDLAND PARK 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)

8. *Fund Equity (Continued)*

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

9. *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 general fund budget by \$831,991 and the original special revenue fund budget by \$304,772. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the District authorized and approved additional fund balance appropriations of \$120,431, representing the prior year Extraordinary Aid allocation, \$22,222 for the prior year TPAF Wage Freeze Grant allotted and \$70,000 of additional anticipated Adult/Continuing Education revenues from the general fund were made on February 28, 2012 and April 24, 2012, respectively.

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.

**MIDLAND PARK 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)

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

B. Capital Reserve

A capital reserve account was established by the District on September 26, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

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

Balance, July 1, 2011	\$ 258,603
Increased by	
Interest earnings	\$ 660
Deposits Approved by Board Resolution	<u>575,000</u>
Total Increases	<u>575,660</u>
Balance, June 30, 2012	<u>\$ 834,263</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects is \$893,441.

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 \$722,523. Of this amount, \$338,486 was designated and appropriated in the 2012/2013 original budget certified for taxes and the remaining amount of \$384,037 will be appropriated in the 2013/2014 original budget certified for taxes.

**MIDLAND PARK 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 \$3,220,624 and bank balances of the Board's cash and deposits amounted to \$3,915,013. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 3,598,395
Uninsured or uncollateralized	<u>316,618</u>
	<u>\$ 3,915,013</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 the Board's bank balance of \$316,618 was exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>
Uninsured and Collateralized	
Collateral held by pledging financial institution's trust department not in the Board's name	<u>\$ 316,618</u>

Investments

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

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

**MIDLAND PARK 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)

A. Deposits and Investments (Continued)

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 Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Other	\$ 4,228	\$ 7,624			\$ 11,852
Intergovernmental	<u>29,496</u>	<u>55,952</u>	<u>\$ 578</u>	<u>\$ 2,650</u>	<u>88,676</u>
Gross Receivables	33,724	63,576	578	2,650	100,528
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 33,724</u>	<u>\$ 63,576</u>	<u>\$ 578</u>	<u>\$ 2,650</u>	<u>\$ 100,528</u>

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

	<u>Unearned</u>
General Fund	
Adult/Continuing Education Fees	\$ 55,242
Preschool Tuition Charges Receivable	2,975
Special Revenue Fund	
Unencumbered Grant Draw Downs	3,618
Capital Projects Fund	
Unrealized School Facilities Grants	<u>978</u>
Total Deferred Revenue of Governmental Funds	<u>\$ 62,813</u>

**MIDLAND PARK 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

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

	Balance, <u>July 1, 2011</u>	Prior Period <u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2012</u>
Governmental activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 28,714	\$ -	-	-	\$ 28,714
Total Capital Assets, Not Being Depreciated	<u>28,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,714</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	11,765,550	1,439,494			13,205,044
Site Improvements	13,800	521,256			535,056
Machinery and Equipment	987,858	1,473,688	\$ 234,690	-	2,696,236
Total Capital Assets Being Depreciated	<u>12,767,208</u>	<u>3,434,438</u>	<u>234,690</u>	<u>-</u>	<u>16,436,336</u>
Less Accumulated Depreciation for:					
Site Improvements	(4,485)	(306,719)	(24,128)		(335,332)
Buildings and Building Improvements	(4,791,306)	(795,379)	(284,230)		(5,870,915)
Machinery and Equipment	(454,011)	(1,518,712)	(95,961)	-	(2,068,684)
Total Accumulated Depreciation	<u>(5,249,802)</u>	<u>(2,620,810)</u>	<u>(404,319)</u>	<u>-</u>	<u>(8,274,931)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,517,406</u>	<u>813,628</u>	<u>(169,629)</u>	<u>-</u>	<u>8,161,405</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,546,120</u>	<u>\$ 813,628</u>	<u>\$ (169,629)</u>	<u>\$ -</u>	<u>\$ 8,190,119</u>
	Balance, <u>July 1, 2011</u>	Prior Period <u>Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2012</u>
Business-Type Activities:					
Capital Assets, Being Depreciated:					
Machinery and Equipment	\$ 46,935	\$ 231,620	\$ 8,939	-	\$ 287,494
Total Capital Assets Being Depreciated	<u>46,935</u>	<u>231,620</u>	<u>8,939</u>	<u>-</u>	<u>287,494</u>
Less Accumulated Depreciation for:					
Machinery and Equipment	(37,142)	(174,931)	(13,688)	-	(225,761)
Total Accumulated Depreciation	<u>(37,142)</u>	<u>(174,931)</u>	<u>(13,688)</u>	<u>-</u>	<u>(225,761)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,793</u>	<u>56,689</u>	<u>(4,749)</u>	<u>-</u>	<u>61,733</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,793</u>	<u>\$ 56,689</u>	<u>\$ (4,749)</u>	<u>\$ -</u>	<u>\$ 61,733</u>

**MIDLAND PARK 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)

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

Governmental Activities:

Instruction		
Regular	\$	194,073
Special		44,475
School-Sponsored/Other Instructional		12,130
Total Instruction		<u>250,678</u>
Support Services		
Student and Instruction Related Services		68,734
General Administration		8,086
School Administration		24,259
Operation and Maintenance		24,259
Student Transportation		4,043
Business / Central Services		12,130
Special Schools		12,130
Total Support Services		<u>153,641</u>
Total Depreciation Expense - Governmental Activities	\$	<u>404,319</u>
Business-Type Activities:		
Food Service Fund	\$	<u>13,688</u>

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>
Unemployment Compensation Trust Fund	General Fund	\$ <u>40,000</u>

**MIDLAND PARK 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 (Continued)

The above balances are the result of revenues earned in one fund which are due to another fund.

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

E. Leases

Capital Leases

The District is leasing a school bus, wireless network upgrades and a copier totaling \$286,990 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>
Machinery and Equipment	\$ 286,990
Less: Accumulated Depreciation	<u>(34,298)</u>
Total	<u>\$ 252,692</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

<u>Year Ending June 30</u>	Governmental <u>Activities</u>
2013	\$ 62,906
2014	62,906
2015	44,812
2016	24,954
2017	<u>425</u>
Total Minimum Lease Payments	196,003
Less: Amount Representing Interest	<u>(11,121)</u>
Present Value of Minimum Lease Payments	<u>\$ 184,882</u>

**MIDLAND PARK 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

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:

\$5,873,000 2003 Bonds, due in annual installments of \$280,000 to \$290,000 through August 15, 2013, interest at 4.125% (the balance of these bonds were refunded)	\$570,000
\$3,695,000 2012 Refunding Bonds, due in annual installments of \$25,000 to \$395,000 through August 15, 2023, interest at 1.500-3.000%	<u>3,695,000</u>
	<u>\$4,265,000</u>

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

Governmental Activities:

Fiscal Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 315,000	\$ 108,524	\$ 423,524
2014	315,000	108,669	423,669
2015	325,000	99,250	424,250
2016	330,000	92,700	422,700
2017	340,000	84,300	424,300
2018-2022	1,850,000	260,250	2,110,250
2023-2024	<u>790,000</u>	<u>23,700</u>	<u>813,700</u>
	<u>\$ 4,265,000</u>	<u>\$ 777,393</u>	<u>\$ 5,042,393</u>

**MIDLAND PARK 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)

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:

4% of Equalized Valuation Basis (Municipal)	\$ 51,536,771
Less: Net Debt	<u>4,265,000</u>
Remaining Borrowing Power	<u>\$ 47,271,771</u>

Advance and Current Refundings of Debt

On March 28, 2012, the District issued \$3,695,000 in School District Refunding Bonds having an interest rate of 1.500% to 3.000%. 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 \$3,623,000 and the total interest payments defeased was \$1,106,285. The net proceeds of \$3,839,625 (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 \$216,625. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$280,611 and resulted in an economic gain of \$250,527.

Changes in Long-Term Liabilities

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

	Balance, <u>July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2012</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 4,463,000	\$ 3,695,000	\$ 3,893,000	\$ 4,265,000	\$ 315,000
Add:					
Unamortized Premium		222,735		222,735	
Less:					
Unamortized Amount on Refunding	<u>-</u>	<u>(216,625)</u>	<u>-</u>	<u>(216,625)</u>	<u>-</u>
Bonds Payable, Net	\$ 4,463,000	\$ 3,701,110	\$ 3,893,000	\$ 4,271,110	\$ 315,000
Capital Leases	212,448	25,500	53,066	184,882	55,690
Compensated Absences Payable	<u>253,918</u>	<u>25,225</u>	<u>5,998</u>	<u>273,145</u>	<u>5,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 4,929,366</u>	<u>\$ 3,751,835</u>	<u>\$ 3,952,064</u>	<u>\$ 4,729,137</u>	<u>\$ 375,690</u>

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

**MIDLAND PARK 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)

G. Short-Term Debt

Project Notes/Grant Anticipation Notes/Loans Payable

The Board issues Grant Anticipation Notes to interim finance capital projects funded by the State Development Authority's Facility construction grants. The Board's short-term debt activity for the year ended June 30, 2012 was as follows:

<u>Purpose</u>	<u>Beginning Balance</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Capital Projects Fund</u>			
SDA-Grant Anticipation Notes	\$ 315,055	\$ 315,055	\$ -
	<u>\$ 315,055</u>	<u>\$ 315,055</u>	<u>\$ -</u>

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). NESBIG is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

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

**MIDLAND PARK 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)

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

Fiscal Year ended <u>June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 40,000	\$ 32,216	\$ 75,907	\$ 62,739
2011	60,000	28,280	96,322	66,315
2010		54,460	45,062	74,127

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 no estimated arbitrage earnings due to the IRS.

**MIDLAND PARK 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)

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.

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.

**MIDLAND PARK 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).

**MIDLAND PARK 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

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.

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 5.50% for DCRP of the employee's annual compensation.

**MIDLAND PARK 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)

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. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

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:

Year Ended <u>June 30,</u>	<u>PERS</u>	<u>DCRP</u>	<u>On-behalf TPAF</u>
2012	\$ 221,458	\$ 1,629	\$ 274,843
2011	193,949	4,128	26,131
2010	148,552		28,387

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 \$274,843 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$26,131 and \$28,387, 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 \$597,717 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.

**MIDLAND PARK 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)

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 547 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.

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

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

Basis of Accounting

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

Significant Legislation

P.L. 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.

**MIDLAND PARK 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)

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.

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, 2011, 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.

**MIDLAND PARK 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)

Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$552,505, \$555,022 and \$533,142, 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.

NOTE 5 PRIOR PERIOD ADJUSTMENTS

The District conducted an update and appraisal of its capital assets during the 2011/2012 school year. The update and appraisal was conducted by an independent appraisal company hired by the Board. The capital asset report valued all capital assets and their estimated historical cost through back trending and other acceptable methods. The District recorded a prior period adjustment to its July 1, 2011 capital assets values, including accumulated depreciation amounts, to reflect the amounts reported in the capital asset appraisal report.

BUDGETARY COMPARISON SCHEDULES

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

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 17,154,828		\$ 17,154,828	\$ 17,154,828	
Tuition from Individuals	24,300		24,300	27,700	\$ 3,400
Other Restricted Miscellaneous Revenues	1,268,161		1,268,161	1,405,768	137,607
Interest on Investments	20,000		20,000	7,737	(12,263)
Unrestricted Miscellaneous Revenues	10,000		10,000	24,857	14,857
Interest Earned on Capital Reserve Funds	500		500	660	160
State Sources					
Special Education Aid	264,714	\$ 191,304	456,018	456,018	-
Extraordinary Aid				85,450	85,450
On-behalf TPAF Normal & Accrued Liability Contr.			-	248,207	248,207
On-behalf TPAF NCGI Premium Contribution (Non-budgeted)			-	26,636	26,636
On-behalf TPAF Post-Retirement Medical Contributions (Non-budgeted)			-	552,505	552,505
Reimbursed TPAF Social Security Contributions (Non-budgeted)	-	-	-	597,717	597,717
Federal Sources					
Education Jobs Fund	-	1,068	1,068	1,068	-
Total Revenues	18,742,503	192,372	18,934,875	20,589,151	1,654,276
EXPENDITURES					
CURRENT					
Regular Programs- Instruction					
Salaries of Teachers					
Kindergarten	121,845	(2,523)	119,322	119,322	-
Grades 1-5	1,975,036	14,277	1,989,313	1,989,313	-
Grades 6-8	1,160,256	(165,473)	994,783	994,783	-
Grades 9-12	1,542,005	131,763	1,673,768	1,673,767	1
Regular Programs - Home Instruction					
Salaries of Teachers	18,000	1,995	19,995	19,995	-
Purchased Professional/Educational Services	8,000	(7,469)	531	531	-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	-	-			
Purchased Professional/Educational Services	11,675	(1,002)	10,673	10,673	-
Other Purchased Services	38,150	(3,655)	34,495	34,495	-
General Supplies	196,120	432,686	628,806	496,540	132,266
Textbooks	115,860	46,077	161,937	161,937	-
Other Objects	2,600	(1,429)	1,171	1,171	-
Total Regular Programs	5,189,547	445,247	5,634,794	5,502,527	132,267
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	82,577	(28,576)	54,001	53,611	390
Other Salaries for Instruction	118,691	(6,164)	112,527	86,300	26,227
Other Purchased Services	50	-	50	-	50
General Supplies	350	712	1,062	985	77
Textbooks	200	-	200	-	200
Total Learning and/or Language Disabilities	201,868	(34,028)	167,840	140,896	26,944

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

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Special Education (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 88,198	-	\$ 88,198	86,568	\$ 1,630
Other Salaries for Instruction	27,856	\$ (709)	27,147	26,897	250
Other Purchased Services	50	440	490	490	-
General Supplies	350	750	1,100	857	243
Textbooks	400	(396)	4	-	4
	<u>116,854</u>	<u>85</u>	<u>116,939</u>	<u>114,812</u>	<u>2,127</u>
Resource Room/Resource Center					
Salaries of Teachers	971,926	19,632	991,558	973,690	17,868
Other Salaries for Instruction	276,930	41,226	318,156	285,746	32,410
Other Purchased Services	550	(119)	431	110	321
General Supplies	9,550	(2,736)	6,814	6,326	488
Textbooks	7,900	(7,567)	333	333	-
	<u>1,266,856</u>	<u>50,436</u>	<u>1,317,292</u>	<u>1,266,205</u>	<u>51,087</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	113,367	3,422	116,789	116,289	500
Other Salaries for Instruction	35,054	26,532	61,586	60,586	1,000
Other Purchased Services	100	-	100	100	-
General Supplies	2,500	(2,298)	202	202	-
	<u>151,021</u>	<u>27,656</u>	<u>178,677</u>	<u>177,077</u>	<u>1,600</u>
Home Instruction					
Purchased Professional-Educational Services	8,000	119	8,119	6,175	1,944
	<u>8,000</u>	<u>119</u>	<u>8,119</u>	<u>6,175</u>	<u>1,944</u>
	<u>1,744,599</u>	<u>44,268</u>	<u>1,788,867</u>	<u>1,705,165</u>	<u>83,702</u>
School Spons. Co-Curricular Activities-Instruction					
Salaries	75,000	2,081	77,081	76,081	1,000
Purchased Services	9,200	(3,281)	5,919	2,638	3,281
Supplies and Materials	15,550	3,780	19,330	12,877	6,453
Other Objects	1,200	-	1,200	-	1,200
	<u>100,950</u>	<u>2,580</u>	<u>103,530</u>	<u>91,596</u>	<u>11,934</u>
School Sponsored Athletics - Instruction					
Salaries	257,413	3,000	260,413	257,727	2,686
Purchased Services	40,195	(13,530)	26,665	21,970	4,695
Supplies and Materials	47,154	18,427	65,581	64,959	622
Other Objects	20,050	(180)	19,870	8,755	11,115
	<u>364,812</u>	<u>7,717</u>	<u>372,529</u>	<u>353,411</u>	<u>19,118</u>
	<u>7,399,908</u>	<u>499,812</u>	<u>7,899,720</u>	<u>7,652,699</u>	<u>247,021</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Regular	80,700	(24,210)	56,490	51,020	5,470
Tuition to Other LEA's Within the State - Special	682,825	(139,035)	543,790	386,153	157,637
Tuition to Vocational School Districts- Regular	24,400	31,790	56,190	56,190	-
Tuition to Vocational School Districts- Special	32,280	(6,180)	26,100	26,100	-
Tuition to County Special Services School Districts and Regional Day Schools	409,725	(42,154)	367,571	357,268	10,303
Tuition to Private Schools for the Disabled Within the State	1,059,294	(48,746)	1,010,548	958,106	52,442
	<u>2,289,224</u>	<u>(228,535)</u>	<u>2,060,689</u>	<u>1,834,837</u>	<u>225,852</u>

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

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 196,608	\$ 4,713	\$ 201,321	\$ 201,321	
Purchased Professional Educational Services	4,000	(777)	3,223	3,223	
Supplies and Materials	5,200	(2,410)	2,790	2,790	-
Total Health Services	205,808	1,526	207,334	207,334	-
Other Support Services - Speech, OT, PT & Related Svcs					
Salaries	387,510	1,410	388,920	384,837	\$ 4,083
Purchased Professional/Educational Services	83,000	(1,438)	81,562	75,583	5,979
Supplies and Materials	3,000	(1,750)	1,250	483	767
Total Other Support Services - Speech, OT, PT & Related	473,510	(1,778)	471,732	460,903	10,829
Other Support Services - Extra. Serv.					
Purchased Professional/Education Services	170,000	(16,454)	153,546	119,850	33,696
Total Other Support Services - Extra. Serv.	170,000	(16,454)	153,546	119,850	33,696
Other Support Services - Guidance					
Salaries of Other Professional Staff	290,362	(64,996)	225,366	223,591	1,775
Salaries of Secretarial and Clerical Assistants	28,949	2,629	31,578	31,578	
Other Purchased Professional and Technical Services	2,600		2,600	440	2,160
Other Purch. Services	200		200	48	152
Supplies and Materials	7,400		7,400	6,412	988
Other Objects	7,260	4,989	12,249	12,207	42
Total Other Support Services - Guidance	336,771	(57,378)	279,393	274,276	5,117
Other Support Services - Child Study Teams					
Salaries of Other Professional Staff	360,344	841	361,185	314,880	46,305
Salaries of Secretarial and Clerical Assistants	35,844		35,844	31,811	4,033
Purchased Professional/Educational Services	69,590	(476)	69,114	27,860	41,254
Other Purchased Professional and Tech. Services	12,500		12,500		12,500
Misc. Purchased Services	2,200		2,200	100	2,100
Supplies and Materials	9,000	8,528	17,528	16,063	1,465
Other Objects	1,000	(875)	125	-	125
Total Other Support Services - Child Study Teams	490,478	8,018	498,496	390,714	107,782
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	62,500	(2,500)	60,000	58,192	1,808
Salaries of Secr and Clerical Assist.	27,500	(1,500)	26,000	25,867	133
Other Purchased Services	14,000	35,430	49,430	41,195	8,235
Supplies and Materials	4,000	10,890	14,890	14,760	130
Other Objects	2,000	(540)	1,460	333	1,127
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	110,000	41,780	151,780	140,347	11,433
Educational Media Services/School Library					
Salaries	336,436	(42,352)	294,084	279,858	14,226
Salaries of Technology Coordinators					
Purchased Professional and Technical Services	7,000	(223)	6,777	5,441	1,336
Other Purchased Services	100		100		100
Supplies and Materials	12,750	1,558	14,308	14,109	199
Other Objects	800	25	825	593	232
Total Educational Media Services/School Library	357,086	(40,992)	316,094	300,001	16,093

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

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	\$ 62,500	\$ (3,860)	\$ 58,640	\$ 58,192	\$ 448
Salaries of Secr. And Clerical Assist.	27,500	(6,008)	21,492	21,317	175
Other Purchased Professional and Technical Serv.	11,000	18,794	29,794	28,184	1,610
Supplies and Materials	2,000	2,443	4,443	4,443	
Other Objects	10,000	(7,274)	2,726	2,214	512
	<u>113,000</u>	<u>4,095</u>	<u>117,095</u>	<u>114,350</u>	<u>2,745</u>
Total Instructional Staff Training Services					
Support Services General Administration					
Salaries	247,469	1,643	249,112	249,112	-
Legal Services	40,000	30,000	70,000	43,157	26,843
Audit Fees	30,000	(2,284)	27,716	21,100	6,616
Other Purchased Professional Services	12,400	2,284	14,684	14,684	-
Purchased Technical Services	4,000	-	4,000	1,444	2,556
Communications/Telephone	27,270	3,187	30,457	27,097	3,360
BOE Other Purchased Services	4,500	(2,236)	2,264	856	1,408
Misc. Purchased Services	9,850	5,391	15,241	13,674	1,567
General Supplies	6,950	12,308	19,258	18,629	629
BOE In-House Training/Meeting Supplies	750	(675)	75	71	4
Miscellaneous Expenditures	4,100	-	4,100	3,525	575
Board of Education Membership Dues and Fees	11,000	(300)	10,700	9,595	1,105
	<u>398,289</u>	<u>49,318</u>	<u>447,607</u>	<u>402,944</u>	<u>44,663</u>
Total Support Services General Administration					
Support Services School Administration					
Salaries of Principals/Asst. Principals	423,313	23,490	446,803	446,803	-
Salaries of Other Professional Staff	124,044	(27,562)	96,482	95,649	833
Salaries of Secretarial and Clerical Assistants	160,780	780	161,560	161,560	-
Purchased Professional and Technical Services	6,660	20,514	27,174	13,742	13,432
Other Purchased Services	23,250	(11,120)	12,130	9,844	2,286
Supplies and Materials	38,800	8,060	46,860	40,284	6,576
Other Objects	9,000	285	9,285	6,241	3,044
	<u>785,847</u>	<u>14,447</u>	<u>800,294</u>	<u>774,123</u>	<u>26,171</u>
Total Support Services School Administration					
Central Services					
Salaries	339,808	200	340,008	339,991	17
Purchased Professional Services	-	-	-	-	-
Purchased Technical Services	19,886	(3,549)	16,337	16,337	-
Miscellaneous Purchased Services	3,500	(1,312)	2,188	1,529	659
Supplies and Materials	5,000	5,861	10,861	6,301	4,560
Interest on Current Loans	14,203	(1,000)	13,203	11,395	1,808
Miscellaneous Expenditures	2,240	-	2,240	1,189	1,051
	<u>384,637</u>	<u>200</u>	<u>384,837</u>	<u>376,742</u>	<u>8,095</u>
Total Central Services					
Admin. Information Technology					
Salaries	25,369	-	25,369	25,085	284
Purchased Professional Services	10,000	20,000	30,000	18,887	11,113
Purchased Technical Services	31,600	5,000	36,600	29,507	7,093
Other Purchased Services	56,093	-	56,093	55,992	101
Supplies and Materials	8,000	25,000	33,000	9,396	23,604
Other Objects	1,000	-	1,000	-	1,000
	<u>132,062</u>	<u>50,000</u>	<u>182,062</u>	<u>138,867</u>	<u>43,195</u>
Total Admin. Information Technology					
Required Maintenance for School Facilities					
Salaries	159,585	(12,536)	147,049	147,049	-
Cleaning, Repair and Maintenance Services	90,000	186,737	276,737	247,552	29,185
General Supplies	30,000	18,571	48,571	45,915	2,656
	<u>279,585</u>	<u>192,772</u>	<u>472,357</u>	<u>440,516</u>	<u>31,841</u>
Total Required Maintenance for School Facilities					

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

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
EXPENDITURES					
CURRENT (Continued)					
Custodial Services					
Salaries	\$ 485,053	\$ 41,747	\$ 526,800	\$ 526,800	
Purchased Professional and Technical Services	29,190	8,523	37,713	37,713	
Cleaning, Repair and Maintenance Services	124,800	170,491	295,291	62,154	\$ 233,137
Other Purchased Property Services	9,250	6,681	15,931	15,931	-
Insurance	85,000	(3,508)	81,492	81,492	-
General Supplies	40,000	3,472	43,472	39,773	3,699
Energy (Electricity)	465,000	(185,548)	279,452	266,894	12,558
Other Objects	350	(175)	175	100	75
	<u>1,238,643</u>	<u>41,683</u>	<u>1,280,326</u>	<u>1,030,857</u>	<u>249,469</u>
Total Custodial Services					
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School)-Regular	105,755	28,066	133,821	133,821	-
Cleaning, Repair and Maintenance Services	10,000	262	10,262	10,262	-
Lease Purchase Payments - School Buses	15,508	-	15,508	15,507	1
Contracted Services (Other than Between Home and School) - Vendors	32,630	(11,014)	21,616	15,241	6,375
Contracted Services (Between Home and School) - Joint Agreements	50,000	2,581	52,581	45,121	7,460
Contracted Services (Special Education Students) - Joint Agreements	345,000	(52,838)	292,162	230,538	61,624
Transportation Supplies	2,000	636	2,636	2,436	200
Other Objects	20,500	7,458	27,958	27,383	575
	<u>581,393</u>	<u>(24,849)</u>	<u>556,544</u>	<u>480,309</u>	<u>76,235</u>
Total Student Transportation Services					
Unallocated Benefits					
Social Security Contributions	225,000	1	225,001	202,715	22,286
Other Retirement Contributions - PERS	225,000	(1)	224,999	221,458	3,541
Other Retirement Contributions - Regular		1,629	1,629	1,629	-
Unemployment	40,000	-	40,000	40,000	-
Workmen's Compensation	110,000	-	110,000	104,702	5,298
Health Benefits	2,116,349	(52,194)	2,064,155	1,966,913	97,242
Tuition Reimbursement	36,000	(2,000)	34,000	24,300	9,700
Other Employee Benefits	59,950	22,000	81,950	42,151	39,799
	<u>2,812,299</u>	<u>(30,565)</u>	<u>2,781,734</u>	<u>2,603,868</u>	<u>177,866</u>
Total Unallocated Benefits					
On-Behalf TPAF Normal Contribution (Non-Budgeted)					
				248,207	(248,207)
On-behalf TPAF NCGI Premium Contribution (Non-budgeted)					
				26,636	(26,636)
On-behalf TPAF Post-Retirement Medical Contributions (Non-budgeted)					
				552,505	(552,505)
Reimbursed TPAF Social Security Contributions (Non-budgeted)					
	-	-	-	597,717	(597,717)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,425,065</u>	<u>(1,425,065)</u>
Total on-Behalf Payments					
Total Undistributed Expenditures	<u>11,158,632</u>	<u>3,288</u>	<u>11,161,920</u>	<u>11,515,903</u>	<u>(353,983)</u>
Total Expenditures-Current Expense	<u>18,558,540</u>	<u>503,100</u>	<u>19,061,640</u>	<u>19,168,602</u>	<u>(106,962)</u>
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	500	-	500	-	500
Equipment					
School Sponsored and Other Instructional Programs		2,035	2,035		2,035
Undistributed Expenditures-Operations & Maintenance		144,651	144,651	110,150	34,501
Undistributed Expenditures-Admin Info Tech	-	11,236	11,236	11,236	-
	<u>-</u>	<u>157,922</u>	<u>157,922</u>	<u>121,386</u>	<u>36,536</u>
Total Equipment					

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

	<u>Original Budget</u>	<u>Adjustments/ Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
CAPITAL OUTLAY					
Facilities Acq. And Construction Services					
Other Purchased Professional and Technical Services		\$ 31,500	\$ 31,500	\$ 15,068	\$ 16,432
Construction Services		68,500	68,500	68,500	
Other Objects0Debt Service Assessment	\$ 14,389	-	14,389	14,389	-
Total Facilities Acq. And Contr. Services	14,389	100,000	114,389	97,957	16,432
Assets Acquired Under Captial Leases (Non-Budgeted)	-	-	-	25,500	(25,500)
Total Capital Outlay	14,889	257,922	272,811	244,843	27,968
SPECIAL SCHOOLS					
Adult Education - Local - Instruction					
Salaries of Teachers	122,000	(26,000)	96,000	71,747	24,253
Purchased Professional and Technical Services	125,000	(576)	124,424	104,420	20,004
Other Purchased Services	179,500	71,400	250,900	231,826	19,074
General Supplies	8,000	-	8,000	7,023	977
Textbooks	3,500	145	3,645	3,645	-
Other Objects	100	-	100	50	50
Total Adult Education - Local - Instruction	438,100	44,969	483,069	418,711	64,358
Adult Education - Local - Support Services					
Salaries	131,000	19,823	150,823	139,006	11,817
Personal Services-Employee Benefits	66,000	6,177	72,177	72,177	-
Total Adult Education - Local - Support Services	197,000	26,000	223,000	211,183	11,817
Total Special Schools	635,100	70,969	706,069	629,894	76,175
Total Expenditures	19,208,529	831,991	20,040,520	20,043,339	(2,819)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(466,026)	(639,619)	(1,105,645)	545,812	1,651,457
Other Financing Sources (Uses)					
Capital Leases (Non-Budgeted)	-	-	-	25,500	25,500
Total Other Financing Sources (Uses)	-	-	-	25,500	25,500
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditure and Other Financing Uses					
	(466,026)	(639,619)	(1,105,645)	571,312	1,676,957
Fund Balances, Beginning of Year	2,082,238	-	2,082,238	2,082,238	-
Fund Balances, End of Year	\$ 1,616,212	\$ (639,619)	\$ 976,593	\$ 2,653,550	\$ 1,676,957
Recapitulation					
Nonspendable Fund Balance					
Prepaid Expense-Adult Education Program				36,057	
Restricted Fund Balance					
Capital Reserve				834,263	
Adult Education Programs				3,268	
Reserved for Excess Surplus - Designated for Subsequent Years Expenditures				338,486	
Reserved Excess Surplus				384,037	
Committed Fund Balance					
Year-End Encumbrances				267,345	
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures				93,075	
Year-End Encumbrances				239,714	
Unassigned Fund Balance				457,305	
				2,653,550	
Reconciliation to Governmental Fund Statement (GAAP)					
State Aid Payments Not Recognized on GAAP Basis				(14,790)	
Extraordinary Aid Payment Not Recognized on GAAP Basis				(85,450)	
Fund Balance Per Governmental Funds (GAAP)				\$ 2,553,310	

EXHIBIT C-1A

MIDLAND PARK BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND - EDUCATION JOBS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources					
Education Jobs Fund	-	\$ 1,068	\$ 1,068	\$ 1,068	-
Total Revenues	\$ -	\$ 1,068	\$ 1,068	\$ 1,068	\$ -
EXPENDITURES					
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Grades 1-5	-	\$ 1,068	\$ 1,068	\$ 1,068	-
Total Expenditures	\$ -	\$ 1,068	\$ 1,068	\$ 1,068	\$ -

**MIDLAND PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
REVENUES					
Intergovernmental					
Local	\$ 140,850	\$ (97,271)	\$ 43,579	\$ 43,188	\$ (391)
State		240,262	240,262	155,579	(84,683)
Federal	212,693	161,781	374,474	359,005	(15,469)
Total Revenues	<u>353,543</u>	<u>304,772</u>	<u>658,315</u>	<u>557,772</u>	<u>(100,543)</u>
EXPENDITURES					
Instruction					
Salaries of Other Professional Staff	1,254	(1,254)			
Purchased Prof. & Technical Services		2,201	2,201	1,000	1,201
Purchased Property Services		400	400		400
Other Purchased Services	177,180	57,352	234,532	233,423	1,109
General Supplies	34,259	26,475	60,734	58,822	1,912
Textbooks	10,550	(1,849)	8,701	8,701	-
Other Objects	-	-	-	-	-
Total Instruction	<u>223,243</u>	<u>83,325</u>	<u>306,568</u>	<u>301,946</u>	<u>4,622</u>
EXPENDITURES					
Support Services					
Purchased Professional/Technical Svcs.	-	112,182	112,182	102,948	9,234
Purchased Professional/Educational Svcs.	130,300	101,264	231,564	146,878	84,686
General Supplies		3,000	3,000	3,000	-
Total Support Services	<u>130,300</u>	<u>216,446</u>	<u>346,746</u>	<u>252,826</u>	<u>93,920</u>
Facilities Acquisitions and Construction					
Lease Purchase Agreements-Principal Non-Instructional Equipment	-	3,000	3,000	3,000	-
	-	2,001	2,001	-	2,001
Total Facilities Acquisitions and Construction	<u>-</u>	<u>5,001</u>	<u>5,001</u>	<u>3,000</u>	<u>2,001</u>
Total Expenditures	<u>353,543</u>	<u>304,772</u>	<u>658,315</u>	<u>557,772</u>	<u>100,543</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MIDLAND PARK BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
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 Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 20,589,151	\$ 557,772
Difference-Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2011		8,642
Extraordinary aid payments recognized for GAAP purpose not recognized for budgetary statements (2010/2011 State aid)	120,431	
State aid and Extraordinary aid payments recognized for budgetary purpose not recognized for GAAP statements (2011/2012 State aid)	<u>(100,240)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 20,609,342</u>	<u>\$ 566,414</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (Exhibits C-1 and C-2)	<u>\$ 20,043,339</u>	<u>\$ 557,772</u>
Differences-Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the orders is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2011	<u>-</u>	<u>\$ 8,642</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 20,043,339</u>	<u>\$ 566,414</u>

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	Nonpublic Textbooks	Nonpublic Nursing	ARRA IDEA Part B Basic	ARRA IDEA Part B Preschool	I.D.E.A. Part B Preschool	I.D.E.A. Part B Basic	Total Exhibit E-1A	Total Exhibit E-1B	Total 2011/2012
REVENUES									
Intergovernmental									
Local									
State	\$ 8,701	\$ 12,428						\$ 43,188	\$ 43,188
Federal			\$ 9,463	\$ 2,620	\$ 21,462	\$ 271,016	\$ 134,450	\$ 36,402	\$ 155,579
Total Revenues	<u>\$ 8,701</u>	<u>\$ 12,428</u>	<u>\$ 9,463</u>	<u>\$ 2,620</u>	<u>\$ 21,462</u>	<u>\$ 271,016</u>	<u>\$ 152,492</u>	<u>\$ 79,590</u>	<u>\$ 557,772</u>
EXPENDITURES									
Instruction									
Purchased Prof. and Technical Svcs.							\$ 1,000	-	\$ 1,000
Other Purchased Services								\$ 1,000	\$ 233,423
General Supplies			\$ 6,463	\$ 2,022	\$ 21,462	\$ 210,961	6,099	44,238	58,822
Textbooks	\$ 8,701								8,701
Total Instruction	<u>8,701</u>		<u>6,463</u>	<u>2,022</u>	<u>21,462</u>	<u>210,961</u>	<u>7,099</u>	<u>45,238</u>	<u>301,946</u>
Support Services									
Purchased Prof. And Technical Svcs.				598			7,943	34,352	102,948
Purchased Prof. - Educational Svc		\$ 12,428					134,450	-	146,878
General Supplies							3,000	-	3,000
Total Support Services		<u>12,428</u>		<u>598</u>		<u>60,055</u>	<u>145,393</u>	<u>34,352</u>	<u>252,826</u>
Facilities Acquisitions and Construction									
Lease Purchase Agreements-Principal			3,000						3,000
Non-Instructional Equipment									
Total Facilities Acquisitions and Construction			<u>3,000</u>						<u>3,000</u>
Total Expenditures	<u>\$ 8,701</u>	<u>\$ 12,428</u>	<u>\$ 9,463</u>	<u>\$ 2,620</u>	<u>\$ 21,462</u>	<u>\$ 271,016</u>	<u>\$ 152,492</u>	<u>\$ 79,590</u>	<u>\$ 557,772</u>

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

	Nonpublic Comp. Ed.	Nonpublic E.S.L.	Nonpublic Suppl. Inst.	Nonpublic Exam. and Class	Nonpublic Speech Corr.	Transportation	Title I	Total
REVENUES								
Intergovernmental								
State	\$ 69,909	\$ 1,638	\$ 9,751	\$ 15,781	\$ 29,303	\$ 8,068		\$ 134,450
Federal	-	-	-	-	-	-	\$ 18,042	18,042
Total Revenues	<u>\$ 69,909</u>	<u>\$ 1,638</u>	<u>\$ 9,751</u>	<u>\$ 15,781</u>	<u>\$ 29,303</u>	<u>\$ 8,068</u>	<u>\$ 18,042</u>	<u>\$ 152,492</u>
EXPENDITURES								
Instruction								
Purchased Prof. and Technical Svcs.								
General Supplies	-	-	-	-	-	-	\$ 1,000	\$ 1,000
Total Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
Support Services								
Purchased Prof. - Educational Svc	\$ 69,909	\$ 1,638	\$ 9,751	\$ 15,781	\$ 29,303	\$ 8,068		\$ 134,450
Purchased Prof. and Technical Svcs.	-	-	-	-	-	-	7,943	7,943
General Supplies	-	-	-	-	-	-	3,000	3,000
Total Support Services	<u>69,909</u>	<u>1,638</u>	<u>9,751</u>	<u>15,781</u>	<u>29,303</u>	<u>8,068</u>	<u>10,943</u>	<u>145,393</u>
Total Expenditures	<u>\$ 69,909</u>	<u>\$ 1,638</u>	<u>\$ 9,751</u>	<u>\$ 15,781</u>	<u>\$ 29,303</u>	<u>\$ 8,068</u>	<u>\$ 18,042</u>	<u>\$ 152,492</u>

EXHIBIT E-1B

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

	<u>Title IIA</u>	<u>Title IID</u>	<u>BCUA Grant</u>	<u>Access for All Grant</u>	<u>Total</u>
REVENUES					
Intergovernmental					
Local	\$ 36,383	\$ 19	\$ 111	\$ 43,077	\$ 43,188
Federal					36,402
Total Revenues	\$ 36,383	\$ 19	\$ 111	\$ 43,077	\$ 79,590
EXPENDITURES					
Instruction					
Other Salaries for Instruction	\$ 1,000				\$ 1,000
Purchased Prof. and Technical Svcs.					
Other Purchased Services	1,050		111	43,077	44,238
General Supplies					
Other Objects					
Total Instruction	2,050		111	43,077	45,238
Support Services					
Personal Services - Employee Benefits					
Purchased Prof. and Technical Svcs.	34,333	19			34,352
Purchased Prof. - Educational Svc					
General Supplies					
Total Support Services	34,333	19			34,352
Facilities Acquisition and Construction Service					
Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	\$ 36,383	\$ 19	\$ 111	\$ 43,077	\$ 79,590

**MIDLAND PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**MIDLAND PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date Prior Years</u>	<u>Current Year Expenditures</u>	<u>Balance June 30, 2012</u>
Replacement of HVAC System- High School	\$ 179,833	\$ 178,658	-	\$ 1,175
	<u>\$ 179,833</u>	<u>\$ 178,658</u>	<u>\$ -</u>	<u>\$ 1,175</u>
		Project Balance		\$ 1,175
		Less:		
		Unrealized Revenue		(978)
		Fund Balance - June 30, 2012		<u>\$ 197</u>

Recapitulation of Fund Balance

Available for Capital Projects	\$ <u>197</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 197</u>

**MIDLAND PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Revenues and Other Financing Sources	
Excess Grant Proceeds	\$ -
Total Revenues and Other Financing Sources	-
Excess (deficiency) of Revenues Over/(Under) Expenditures	-
Other Financing Sources	
Transfers Out	-
Total Other Financing Sources (Uses)	-
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	-
Fund Balance- Beginning	\$ 1,175
Fund Balance - Ending	\$ 1,175
Fund Balance (Budgetary Basis)	\$ 1,175
Reconciliation to Governmental Fund Statements (GAAP):	
Less: Deferred SDA Grant Revenue Not Recognized on GAAP Basis	(978)
Fund Balance - Per Governmental Funds (GAAP)	\$ 197

**MIDLAND PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
REPLACEMENT OF HVAC SYSTEM- HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SCC Grant	\$ 71,933		\$ 71,933	\$ 71,933
Transfers from Capital Reserve	<u>107,900</u>	-	<u>107,900</u>	<u>107,900</u>
Total Revenues and Other Financing Sources	<u>179,833</u>	-	<u>179,833</u>	<u>179,833</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	<u>178,658</u>	-	<u>178,658</u>	<u>179,833</u>
Total Expenditures and Other Financing Uses	<u>178,658</u>	-	<u>178,658</u>	<u>179,833</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 1,175</u>	<u>\$ -</u>	<u>\$ 1,175</u>	<u>\$ -</u>

PROPRIETARY FUNDS

NOT APPLICABLE

FIDUCIARY FUNDS

**MIDLAND PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2012**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 128,328	\$ 52,564	\$ 180,892
Total Assets	<u>\$ 128,328</u>	<u>\$ 52,564</u>	<u>\$ 180,892</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 37,223	\$ 37,223
Accrued Salaries and Wages		11,085	11,085
Reserve for Flexible Spending (Sect. 125) Plan		4,256	4,256
Due to Student Groups	\$ 128,328	-	128,328
Total Liabilities	<u>\$ 128,328</u>	<u>\$ 52,564</u>	<u>\$ 180,892</u>

**MIDLAND PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
AS OF JUNE 30, 2012**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

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

	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2012</u>
ELEMENTARY SCHOOLS				
Student activity	\$ 5,980	\$ 14,742	\$ 15,807	\$ 4,915
HIGH SCHOOL				
Student activity	<u>112,562</u>	<u>270,975</u>	<u>260,124</u>	<u>123,413</u>
	<u>\$ 118,542</u>	<u>\$ 285,717</u>	<u>\$ 275,931</u>	<u>\$ 128,328</u>

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

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2012</u>
ASSETS				
Cash	\$ 36,070	\$ 12,005,411	\$ 11,988,917	\$ 52,564
Total Assets	<u>\$ 36,070</u>	<u>\$ 12,005,411</u>	<u>\$ 11,988,917</u>	<u>\$ 52,564</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 20,437	\$ 4,671,915	4,655,129	\$ 37,223
Accrued Salaries and Wages	9,022	7,298,828	7,296,765	11,085
Reserve for Flexible Spending (Sect. 125) Plan	<u>6,611</u>	<u>34,668</u>	<u>37,023</u>	<u>4,256</u>
Total Liabilities	<u>\$ 36,070</u>	<u>\$ 12,005,411</u>	<u>\$ 11,988,917</u>	<u>\$ 52,564</u>

LONG-TERM DEBT

MIDLAND PARK BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Issue	Date of Bonds	Amount of Bonds	Annual Maturities		Interest Rate	Interest %	Balance July 1, 2011	Issued	Retired	Balance, June 30, 2012
			Date	Amount						
School Bonds	8/15/2003	\$ 5,873,000	8/15/2012	\$ 280,000	4.125					
			8/15/2013	290,000	4.125	\$ 4,463,000		\$ 3,893,000	\$ 570,000	
2012 Refunding Bonds	3/28/2012	3,695,000	8/15/2012	35,000	1.500					
			8/15/2013	25,000	1.500					
			8/15/2014	325,000	2.000					
			8/15/2015	330,000	2.000					
			8/15/2016	340,000	3.000					
			8/15/2017	350,000	3.000					
			8/15/2018	360,000	3.000					
			8/15/2019	370,000	3.000					
			8/15/2020	380,000	3.000					
			8/15/2021	390,000	3.000					
			8/15/2022	395,000	3.000					
			8/15/2023	395,000	3.000					
							\$ 3,695,000			3,695,000
								\$ 3,893,000		4,265,000
									\$ 270,000	
									3,623,000	
										\$ 3,893,000

EXHIBIT I-2

MIDLAND PARK BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2012</u>
2009 School Bus - 54 Passenger	5.28%	\$ 81,490	\$ 49,019	\$	\$ 15,507	\$ 33,512
Wireless Network	3.65%	180,000	163,429		34,054	129,375
Copiers	5.40%	25,500	-	\$ 25,500	3,505	21,995
			\$ 212,448	\$ 25,500	\$ 53,066	\$ 184,882

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

	<u>Original Budget</u>	<u>Adjustments/Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Final to Actual</u>
REVENUES					
Local Sources					
Property Taxes	\$ 450,059	-	\$ 450,059	\$ 450,059	-
Total Revenues	450,059	-	450,059	450,059	-
EXPENDITURES					
Debt Service					
Principal on Bonds	270,000	-	270,000	270,000	
Interest on Bonds	180,059	-	180,059	180,059	
Cost of Issuance of Refunding Bonds	-	-	-	78,110	\$ (78,110)
Payment to Refunding Escrow Agent	-	-	-	216,625	(216,625)
Total Expenditures	450,059	-	450,059	744,794	(294,735)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	(294,735)	294,735
OTHER FINANCING SOURCES (USES)					
Payment to Refunding Escrow Agent	-	-	-	(3,623,000)	3,623,000
Refunding Bond Proceeds	-	-	-	3,695,000	(3,695,000)
Premium on Issuance of Refunding	-	-	-	222,735	(222,735)
Total Other Financing Sources (Uses)	-	-	-	294,735	(294,735)
Net Change in Fund Balance	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

MIDLAND PARK BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 124,875	\$ 386,126	\$ 1,652,381	\$ 2,861,830	\$ 2,937,499	\$ 2,922,055	\$ 2,871,852	\$ 2,958,287	\$ 2,890,629	\$ 3,825,542
Restricted	224,665	252,451	133,359	278,029	271,301	174,145	241,001	203,147	351,875	966,860
Unrestricted	237,018	(211,663)	224,249	132,550	104,366	213,499	276,821	380,254	1,284,612	1,276,874
Total governmental activities net assets	\$ 586,558	\$ 426,914	\$ 2,009,989	\$ 3,272,409	\$ 3,313,166	\$ 3,309,699	\$ 3,389,674	\$ 3,741,688	\$ 4,527,116	\$ 6,069,276
Business-type activities										
Invested in capital assets, net of related debt	\$ 5,454	\$ 8,912	\$ 7,886	\$ 6,860	\$ 5,833	\$ 15,777	\$ 13,782	\$ 11,787	\$ 9,793	\$ 61,733
Restricted	6,708	22,397	28,044	43,934	30,059	36,780	37,914	51,303	66,196	78,731
Unrestricted	12,162	31,309	35,930	50,794	35,892	52,557	51,696	63,090	75,989	140,464
Total business-type activities net assets	\$ 18,324	\$ 42,618	\$ 73,660	\$ 101,558	\$ 74,785	\$ 105,114	\$ 103,790	\$ 126,180	\$ 151,978	\$ 367,928
District-wide										
Invested in capital assets, net of related debt	\$ 130,329	\$ 395,038	\$ 1,660,267	\$ 2,868,690	\$ 2,943,332	\$ 2,937,832	\$ 2,885,634	\$ 2,970,074	\$ 2,900,422	\$ 3,887,275
Restricted	224,665	252,451	133,359	278,029	271,301	174,145	241,001	203,147	351,875	966,860
Unrestricted	243,726	(189,256)	252,293	176,484	134,425	250,279	314,735	631,557	1,350,808	1,355,605
Total district net assets	\$ 598,720	\$ 458,233	\$ 2,045,919	\$ 3,323,203	\$ 3,349,058	\$ 3,362,256	\$ 3,441,370	\$ 3,804,778	\$ 4,603,105	\$ 6,209,740

MIDLAND PARK BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Unaudited)
(fiscal basis of accounting)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,894,188	\$ 6,520,917	\$ 6,681,508	\$ 7,366,758	\$ 8,010,924	\$ 7,941,650	\$ 7,735,674	\$ 7,464,207	\$ 6,901,491	\$ 7,688,003
Special education	2,672,419	3,027,590	3,377,340	3,528,983	3,588,433	3,708,021	3,920,717	4,393,254	4,774,144	4,419,116
Other instruction	33,747	40,796	38,342	587,178	651,198	702,554	688,805	646,706	538,492	584,681
School Sponsored Activities and Athletics	490,836	562,405	569,734	587,178	458,843	459,542	420,414	433,849	357,381	726,031
Other										
Support Services:										
Student & Instruction related services	2,420,789	2,366,863	2,297,534	2,400,000	3,110,057	3,160,077	3,005,599	3,270,124	2,838,277	2,894,049
General and Business Admin/Central Svcs.	877,629	798,695	817,067	932,137	961,140	1,048,697	1,024,063	1,061,754	1,162,374	1,132,244
School Administration services	764,275	800,920	819,116	886,575	924,819	924,819	1,058,664	1,062,906	1,000,521	1,074,035
Plant operations and maintenance	992,824	1,096,600	1,202,465	1,340,455	1,340,455	1,515,169	1,529,510	1,649,030	1,521,540	1,672,952
Pupil transportation	376,415	444,220	444,220	522,417	504,319	558,479	517,610	601,594	565,859	545,018
Special Schools (A)	654,902	805,627	771,188	841,646	841,646	841,646	841,646	841,646	841,646	841,646
Interest on long-term debt	9,682	192,790	278,657	239,949	232,576	224,672	211,268	201,194	198,631	161,154
Total governmental activities expenses	\$ 15,187,705	\$ 16,578,336	\$ 17,193,760	\$ 18,463,818	\$ 19,744,500	\$ 20,244,680	\$ 20,112,945	\$ 20,784,618	\$ 19,838,710	\$ 20,897,283
Business-type activities:										
Food service	276,751	294,781	306,771	312,690	331,966	338,634	333,321	322,503	305,068	340,708
Total business-type activities expense	\$ 276,751	\$ 294,781	\$ 306,771	\$ 312,690	\$ 331,966	\$ 338,634	\$ 333,321	\$ 322,503	\$ 305,068	\$ 340,708
Total district expenses	\$ 15,464,457	\$ 16,873,117	\$ 17,500,531	\$ 18,776,508	\$ 20,076,466	\$ 20,583,314	\$ 20,446,266	\$ 21,107,121	\$ 20,143,778	\$ 21,237,991
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 21,230	\$ 46,933	\$ 58,731	\$ 54,589	\$ 63,395	\$ 49,798	\$ 42,241	\$ 2,624	\$ 561,131	\$ 21,700
Adult education	650,332	710,634	700,054	702,965	644,694	589,875	645,601	626,761	626,761	631,163
Operating grants and contributions	2,101,888	2,358,506	2,484,650	2,644,558	3,155,267	3,180,401	2,532,761	2,974,870	1,891,083	2,554,206
Capital grants and contributions	22,032	236,377	1,194,512	1,200,810	1,200,810	1,200,810	1,200,810	1,200,810	1,200,810	1,200,810
Total governmental activities program revenues	\$ 2,801,502	\$ 3,352,450	\$ 4,437,947	\$ 4,602,922	\$ 3,861,356	\$ 3,820,074	\$ 3,220,603	\$ 3,604,255	\$ 2,452,214	\$ 3,213,069
Business-type activities:										
Charges for services:										
Food service	219,735	231,359	256,390	263,801	267,880	296,015	284,316	280,468	259,182	277,845
Operating grants and contributions	48,337	49,512	52,002	43,028	43,028	39,536	46,666	52,809	58,513	70,470
Total business-type activities program revenues	\$ 268,072	\$ 280,871	\$ 308,392	\$ 316,554	\$ 310,908	\$ 335,551	\$ 330,982	\$ 333,277	\$ 317,695	\$ 348,315
Total district program revenues	\$ 3,069,574	\$ 3,633,321	\$ 4,746,339	\$ 4,919,476	\$ 4,172,264	\$ 4,155,625	\$ 3,551,585	\$ 3,937,532	\$ 2,769,909	\$ 3,561,384
Net (Expense)/Revenue										
Governmental activities	\$ (12,386,204)	\$ (13,223,886)	\$ (12,755,813)	\$ (13,862,896)	\$ (15,883,144)	\$ (16,424,606)	\$ (16,892,342)	\$ (17,180,363)	\$ (17,386,496)	\$ (17,684,214)
Business-type activities	(8,679)	(13,910)	1,621	3,864	(21,058)	(9,083)	(2,339)	10,774	12,627	7,607
Total district-wide net expense	\$ (12,394,883)	\$ (13,237,796)	\$ (12,754,192)	\$ (13,859,032)	\$ (15,904,202)	\$ (16,427,689)	\$ (16,894,681)	\$ (17,169,589)	\$ (17,373,869)	\$ (17,676,607)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes	\$ 11,832,256	\$ 12,187,084	\$ 12,963,969	\$ 13,563,447	\$ 14,448,910	\$ 15,017,684	\$ 15,338,133	\$ 16,171,595	\$ 16,818,459	\$ 17,154,828
Property Taxes levied for debt service	21,612	121,516	365,685	449,459	450,590	451,309	451,615	451,509	450,990	450,059
Unrestricted grants and contributions	17,506	86,712	158,985	197,667	155,155	196,076	169,274	136,320	77,936	79,936
Investment earnings	700,081	705,987	714,474	807,302	756,385	727,595	787,294	40,282	14,723	8,397
Miscellaneous income	(8,000)	(33,037)	(3,000)	(11,000)	(4,584)	(30,481)	787,294	732,671	809,816	799,462
Loss on Disposal of Capital Assets										
Total governmental activities	\$ 12,565,455	\$ 13,065,242	\$ 14,338,888	\$ 15,125,316	\$ 15,923,901	\$ 16,421,139	\$ 16,972,317	\$ 17,532,377	\$ 18,171,924	\$ 18,412,746
Business-type activities:										
Investment Earnings	8,000	33,037	3,000	11,000	4,156	2,880	1,478	620	272	179
Transfers	8,000	33,037	3,000	11,000	16,868	19,748	1,478	620	272	179
Total business-type activities	\$ 12,571,455	\$ 13,098,299	\$ 14,341,888	\$ 15,136,316	\$ 15,930,057	\$ 16,440,887	\$ 16,973,795	\$ 17,532,997	\$ 18,172,196	\$ 18,412,925
Total district-wide	\$ 177,251	\$ (159,644)	\$ 1,583,075	\$ 1,262,420	\$ 40,757	\$ (3,467)	\$ 79,975	\$ 352,014	\$ 785,428	\$ 728,532
Governmental activities	(679)	19,147	4,621	14,864	(14,902)	16,665	(861)	11,394	12,899	7,786
Business-type activities	\$ 176,572	\$ (140,497)	\$ 1,587,696	\$ 1,277,556	\$ 25,855	\$ 13,198	\$ 79,114	\$ 363,408	\$ 798,327	\$ 730,746
Total district										

(A) Prior to fiscal year ending June 30, 2007, the Special Schools expenditures were not allocated.

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

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 224,653	\$ 278,772	\$ 170,913	\$ 439,568	\$ 420,358	\$ 431,873	\$ 755,309	\$ 889,847	\$ 59,783	\$ 36,057
Unreserved	680,706	386,337	719,669	497,762	449,698	463,249	203,045	364,406	1,051,968	1,560,054
Nonspendable										
Restricted										
Committed										
Assigned									278,788	332,789
Unassigned									376,893	357,065
Total general fund	\$ 905,359	\$ 665,109	\$ 890,582	\$ 937,330	\$ 870,056	\$ 895,122	\$ 958,354	\$ 1,254,253	\$ 1,961,807	\$ 2,553,310
All Other Governmental Funds										
Reserved										
Unreserved	\$ (2,442)	\$ 4,268,000	\$ 3,291,421	\$ 115,750	\$ 5,017	\$ 5,017	\$ 197	\$ 197	\$ 197	\$ 197
Nonspendable		1,033,637	(496,573)	(10,478)						
Restricted										
Committed										
Assigned										
Unassigned										
Total all other governmental funds	\$ (2,442)	\$ 5,301,637	\$ 2,794,848	\$ 105,272	\$ 5,017	\$ 5,017	\$ 197	\$ 197	\$ 197	\$ 197

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.

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

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property Tax levy	\$11,832,256	\$12,187,084	\$13,329,654	\$14,012,906	\$14,899,500	\$15,468,991	\$15,989,748	\$16,623,104	\$17,269,449	\$17,604,887
Tuition charges	27,250	46,933	58,731	54,589	63,395	49,798	42,241	2,624		
Miscellaneous	1,368,130	1,484,403	1,553,303	1,628,708	1,520,524	1,399,296	1,458,896	1,452,435	1,402,226	1,509,910
State sources	1,896,573	2,425,652	3,511,739	3,714,373	2,941,100	3,035,078	2,386,727	2,487,932	1,540,475	2,142,303
Federal sources	248,748	290,747	326,408	328,662	367,322	335,399	315,308	370,537	411,988	368,715
Total revenue	15,372,957	16,434,819	18,779,835	19,739,238	19,791,841	20,288,562	20,192,920	21,136,632	20,624,138	21,625,815
Expenditures										
Instruction										
Regular instruction	4,728,652	6,527,198	6,695,069	7,172,963	8,343,517	8,151,264	7,983,918	7,680,945	7,153,897	7,479,148
Special education instruction	2,389,603	3,030,095	3,392,354	3,536,575	3,548,709	3,668,062	3,881,499	4,351,749	4,730,555	4,373,319
Other instruction	25,390	38,342					621			708,818
School sponsored activities and athletics	453,062	562,405	569,734	587,178	641,686	689,849	675,498	634,001	524,949	572,551
Support Services:										
Student & inst. related services	2,086,259	2,380,637	2,284,603	2,396,291	3,035,256	3,131,462	2,949,599	3,206,329	2,798,410	2,824,804
General Administration Services	537,188	441,424	490,732	467,955	492,042	572,323	491,657	470,720	518,720	497,309
School Administrative Services	600,086	775,727	812,194	843,995	917,523	904,127	1,052,965	1,042,408	979,136	1,046,950
Business / Central Services	231,010	346,512	328,284	462,411	452,595	474,062	524,244	574,047	624,925	614,018
Plant operations and maintenance	898,885	944,488	1,090,308	1,200,976	1,325,372	1,495,091	1,532,899	1,628,801	1,500,746	1,654,691
Pupil transportation	363,339	522,691	443,799	506,231	502,322	555,732	515,441	598,848	562,851	540,975
Unallocated Employee benefits	2,275,277									
Special Schools (A)	628,514	805,627	771,188	841,646		129,444	156,042	183,282	213,455	234,690
Capital outlay	32,423	812,134	3,814,201	3,890,386	226,378					
Debt service:										
Principal										
Interest and other charges		40,583	365,685	225,000	239,672	250,509	240,000	267,741	291,301	323,066
Cost of Issuance on Refunding Bonds										
Payment to Refunding Escrow Agent				242,827	232,298	224,703	211,615	201,862	197,639	189,473
Total expenditures	15,249,688	17,227,863	21,038,151	22,374,434	19,957,370	20,246,628	20,215,998	20,840,733	20,096,584	21,354,547
Excess (Deficiency) of revenues over (under) expenditures	123,269	(793,044)	(2,278,316)	(2,635,196)	(165,529)	41,934	(23,078)	295,899	527,554	271,268
Other Financing sources (uses)										
Serial bonds issued		5,875,000								3,695,000
Payments to Refunding Escrow Agent										(3,623,000)
Premium on Issuance of Refunding Bond										222,735
Capital Lease issued		16,930							180,000	25,500
Accrued interest on serial bonds issued							81,490			
Proceeds of Capital Lease			55,181							
Payment of Capital Lease			(51,813)							
Transfers in	516	67,983	222,359	22,327	51			21,440	3,150	
Transfers out	(8,516)	(100,440)	(225,359)	(33,327)	(2,051)	(16,868)		(21,440)	(3,150)	
Total other financing sources (uses)	(8,000)	5,856,873	(3,000)	(7,632)	(2,000)	(16,868)	81,490	-	180,000	320,235
Net change in fund balances	\$ 115,269	\$ 5,063,829	\$ (2,281,316)	\$ (2,642,828)	\$ (167,529)	\$ 25,066	\$ 58,412	\$ 295,899	\$ 707,554	\$ 591,503
Debt service as a percentage of noncapital expenditures	0.00%	0.25%	2.12%	2.53%	2.39%	2.36%	2.25%	2.27%	2.46%	2.43%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.
 Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005. Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

(A) Prior to fiscal year ending June 30, 2007, the Special Schools expenditures were not allocated.

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

Fiscal Year Ended June 30,	Facility Charge	Tuition	Interest on Investments	Continuing Education Program			Rentals	Miscellaneous	Total
				Fees	Refunds				
2003	\$ 677,829	\$ 27,250	\$ 16,990	\$ 650,332	\$ 12,087	\$	\$ 10,165	\$ 1,394,653	
2004	666,229	46,933	19,173	710,634	383	\$ 10,000	27,375	1,480,727	
2005	668,015	58,731	24,316	700,054			46,459	1,497,575	
2006	708,658	54,589	96,114	702,965	14,115	56,265	28,264	1,660,970	
2007	669,161	63,395	119,394	644,694		33,895	53,329	1,583,868	
2008	674,262	49,798	81,826	589,875	30,884	21,505	944	1,449,094	
2009	709,361	42,241	26,001	645,601	41,317	23,440	13,176	1,501,137	
2010	688,772	2,624	18,842	626,761	142	26,330	17,427	1,380,898	
2011	794,654		11,574	534,074	2,289	26,485	13,443	1,382,519	
2012	774,605	27,700	8,397	596,165	1,220	34,998	23,637	1,466,722	

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2003	\$ 6,335,100	\$ 664,811,300	\$ 119,608,000	\$ 42,505,100	\$ 11,238,300	\$ 844,497,800	\$ 1,345,017	\$ 845,842,817	\$ 858,080,390	\$ 1.44
2004	5,425,600	670,584,400	118,399,400	42,202,600	11,238,300	847,850,300	1,170,820	849,021,120	942,770,629	1.57
2005	5,775,700	676,571,800	118,222,400	42,033,700	11,305,000	853,908,600	1,098,029	855,006,629	1,038,401,097	1.64
2006	5,271,400	683,554,300	116,217,600	42,033,700	11,410,100	858,487,100	897,569	859,384,669	1,168,930,256	1.73
2007	6,433,100	685,923,900	115,631,300	42,033,700	11,582,500	861,604,500	965,929	862,570,429	1,317,907,455	1.79
2008	5,958,000	690,356,700	114,694,800	42,287,800	11,675,000	864,972,300	1,020,958	865,993,258	1,335,865,146	1.85
2009	6,401,700	692,690,200	111,611,600	41,638,900	11,974,800	864,317,200	1,140,767	865,457,967	1,331,434,940	1.92
2010	6,401,700	694,016,400	112,029,300	40,861,500	9,474,800	862,783,700	1,143,758	863,927,458	1,312,973,700	2.00
2011	6,401,700	695,491,500	110,107,300	40,861,500	9,474,800	862,336,800	1,342,664	863,679,464	1,322,372,357	2.04
* 2012	8,447,400	860,521,700	130,551,300	47,833,500	14,160,100	1,061,514,000	1,298,959	1,062,812,959	1,172,997,775	2.57

Source: County Abstract of Ratables

N/A - Not Available

^a Tax rates are per \$100

* Borough underwent a revaluation during 2012

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County	
2003	\$ 1.44	\$ 0.61	\$ 0.22	\$ 2.27
2004	1.57	0.63	0.23	2.43
2005	1.64	0.66	0.24	2.54
2006	1.73	0.69	0.25	2.67
2007	1.79	0.72	0.28	2.79
2008	1.85	0.72	0.29	2.86
2009	1.92	0.74	0.30	2.96
2010	2.00	0.75	0.30	3.05
2011	2.04	0.78	0.32	3.14
2012	* 1.69	0.63	0.25	2.57

Source: County Abstract of Ratables

* Borough underwent a revaluation during 2012

**MIDLAND PARK 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
Mid Park, Hye Partners	\$ 20,374,400	2.36%		
Marlow Park, LLC	12,402,100	1.44%		
MW Midpark Grocery, LLC	9,849,500	1.14%		
Mature Environment	7,169,800	0.83%		
Oak Trail II LLC	4,651,300	0.54%		
Henpal Realty Co.	4,803,600	0.56%		
Vander Sterre Bros.	4,672,700	0.54%		
The Kentshire Land LLC	3,381,900	0.39%		
Tenastic Inc.	3,090,600	0.36%		
Textel Apartments	3,306,900	0.38%		
	<u>\$ 73,702,800</u>	<u>8.53%</u>	<u>\$ -</u>	<u>0.00%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 11,832,256	\$ 11,832,256	100.00%	
2004	12,187,054	12,187,054	100.00%	
2005	13,329,654	13,329,654	100.00%	
2006	14,012,906	14,012,906	100.00%	
2007	14,899,500	14,899,500	100.00%	
2008	15,468,991	15,468,991	100.00%	
2009	15,989,748	15,989,748	100.00%	
2010	16,623,104	16,623,104	100.00%	
2011	17,269,449	17,269,449	100.00%	
2012	17,604,887	17,604,887	100.00%	

**MIDLAND PARK 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	Grant Anticipation Notes (GANs)			
2005	\$ 5,873,000	\$ 51,813		\$ 5,924,813	6,862	\$ 863
2006	5,663,000	40,181	\$ 499,345	6,202,526	6,843	906
2007	5,443,000	20,509	499,345	5,962,854	6,767	881
2008	5,213,000	-	499,345	5,712,345	6,755	846
2009	4,973,000	81,490	499,345	5,553,835	6,743	824
2010	4,463,000	212,448	499,345	5,174,793	6,759	766
2011	4,463,000	212,448	315,055	4,990,503	7,136	699
2012	4,265,000	184,882		4,449,882	7,176 (1)	620

(1) - Estimated

Source: District records

Note:

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

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Debt	Deductions			
2005	\$ 5,873,000		\$ 5,873,000	0.69%	\$ 856
2006	5,663,000		5,663,000	0.66%	828
2007	5,443,000		5,443,000	0.63%	804
2008	5,213,000		5,213,000	0.60%	772
2009	4,973,000		4,973,000	0.57%	738
2010	4,463,000		4,463,000	0.52%	660
2011	4,463,000		4,463,000	0.52%	625
2012	4,265,000		4,265,000	0.40%	594

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

**MIDLAND PARK BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2011
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Midland Park Board of Education	\$ 4,508,055	\$ 4,508,055	
Borough of Midland Park	<u>600,000</u>	<u>-</u>	\$ 600,000
	<u>\$ 5,108,055</u>	<u>\$ 5,108,055</u>	
Overlapping Debt Apportioned to the Municipality:			
Bergen County:			
County of Bergen (A)			\$ 5,330,541
Northwest Bergen County Utilities Authority (B)			<u>1,932,186</u>
			<u>7,262,727</u>
Total Direct and Overlapping Debt			<u>\$ 7,862,727</u>

Source:

(1) Borough's 2011 Annual Debt Statement

(A) The debt for this entity was apportioned to the Borough of Midland Park by dividing the municipality's 2011 equalized value by the total 2011 equalized value for Bergen County.

(B) Overlapping debt was computed based upon municipal flow to the Authority.

MIDLAND PARK BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST EIGHT FISCAL YEARS
 (Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis	
2011	\$ 1,253,943,289
2010	1,309,827,995
2009	1,301,486,523
	<u>\$ 3,865,257,807</u>
Average equalized valuation of taxable property	\$ 1,288,419,269
Debt limit (4% of average equalization value)	51,536,771
Total Net Debt Applicable to Limit	<u>4,265,000</u>
Legal debt margin	<u>\$ 47,271,771</u>

	Fiscal Year							
	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 37,301,426	\$ 41,299,253	\$ 46,747,651	\$ 50,748,562	\$ 52,998,876	\$ 52,483,634	\$ 52,395,585	\$ 51,536,771
Total net debt applicable to limit	<u>8,306,232</u>	<u>6,162,346</u>	<u>5,942,345</u>	<u>5,712,345</u>	<u>5,472,345</u>	<u>5,222,345</u>	<u>4,778,055</u>	<u>4,265,000</u>
Legal debt margin	<u>\$ 28,995,194</u>	<u>\$ 35,136,907</u>	<u>\$ 40,805,306</u>	<u>\$ 45,036,217</u>	<u>\$ 47,526,531</u>	<u>\$ 47,261,289</u>	<u>\$ 47,617,530</u>	<u>\$ 47,271,771</u>
Total net debt applicable to the limit as a percentage of debt limit	22.27%	14.92%	12.71%	11.26%	10.33%	9.95%	9.12%	8.28%

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

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

<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2003	6,896	52,010	4.60%
2004	6,877	51,913	3.80%
2005	6,862	51,132	1.80%
2006	6,843	54,462	1.60%
2007	6,767	56,706	1.40%
2008	6,755	62,714	1.90%
2009	6,743	67,394	3.40%
2010	6,759	68,227	3.50%
2011	7,136	63,198	3.50%
2012	7,176	65,486	N/A

(1) - Estimated

N/A - Not Available

Source: New Jersey State Department of Education

MIDLAND PARK BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Employer	2012		2003	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Instruction							
Regular	71.4	73.0	78.0	98.0	96.0	94.0	100.0
Special education	33.0	34.5	40.6	35.5	20.0	16.0	13.0
Adult/Continuing Education Programs	2.5	2.5	3.7	4.0	4.0	4.0	4.0
Support Services:							
Student and instruction related services	25.1	25.3	11.0	11.0	10.0	10.0	10.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School administrative services	9.5	8.5	9.8	9.0	4.0	4.0	4.0
Other Administrative Services	0.5	0.5	2.0	2.0	2.0	2.0	2.0
Central services	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Plant operations and maintenance	18.5	18.0	24.5	17.5	10.0	8.0	6.0
Pupil transportation	2.0	2.5	2.0	2.0	3.0	3.0	3.0
Food Service	-	-	-	-	-	12.0	12.0
Total	<u>168.5</u>	<u>170.8</u>	<u>177.6</u>	<u>185.0</u>	<u>155.0</u>	<u>159.0</u>	<u>160.0</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 years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School	School				
2003	1,069	\$ 15,239,297	\$ 14,256	4.85%	104	11.8:1	24:1	8.3:1	1,069	1,019	4.19%	95.32%	
2004	1,120	16,375,146	14,621	2.56%	106	11.8:1	24:1	8.3:1	1,092	1,048	2.15%	95.97%	
2005	1,108	16,878,265	15,233	4.19%	117	11.8:1	24:1	8.3:1	1,097	1,046	0.46%	95.55%	
2006	1,134	18,034,589	15,904	4.40%	117	11.8:1	24:1	8.3:1	1,106	1,059	0.82%	95.75%	
2007	1,165	19,261,022	16,533	6.70%	115	11.8:1	24:1	8.3:1	1,129	1,078	2.08%	95.48%	
2008	1,164	19,641,945	16,874	2.06%	115	11.8:1	24:1	8.3:1	1,129	1,078	0.00%	95.48%	
2009	1,126	19,608,341	17,414	3.20%	113	11.8:1	24:1	8.3:1	1,124	1,071	-0.43%	95.23%	
2010	1,132	20,187,848	17,834	2.41%	113	11.9:1	24:1	11.0:1	1,128	1,072	0.35%	95.04%	
2011	1,111	19,594,189	17,457	-2.12%	116	11.9:1	24:1	11.0:1	1,083	1,029	-3.99%	95.01%	
2012	1,102	20,312,583	18,432	5.59%	117	11.9:1	24:1	11.0:1	1,088	1,039	0.46%	95.50%	

Sources: District records

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>District Building</u>										
<u>Godwin/Highland Elementary School</u>										
Square Feet	41,800	41,800	50,420	50,420	50,420	50,420	50,420	50,420	50,420	50,420
Capacity (students)	518	518	518	518	518	518	518	518	518	518
Enrollment	510	515	512	516	631	619	620	637	595	582
<u>Jr./Sr. High School</u>										
Square Feet	105,776	105,776	105,776	105,776	105,776	105,776	105,776	105,776	105,776	105,776
Capacity (students)	586	586	586	586	586	586	586	586	586	586
Enrollment	559	577	585	618	499	514	506	491	507	508

Number of Schools at June 30, 2012
 Elementary = 1
 Junior / Senior High School = 1

Source: District Records

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

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES 11-000-261-XXX	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
	\$ 109,624	\$ 109,012	\$ 119,480	\$ 138,643	\$ 178,386	\$ 203,741	\$ 201,598	\$ 210,422	\$ 107,779	\$ 252,158
	115,278	114,495	125,508	145,637	134,689	149,424	134,398	140,281	135,372	188,358
	\$ 224,902	\$ 223,507	\$ 244,988	\$ 284,280	\$ 313,075	\$ 353,165	\$ 335,996	\$ 350,703	\$ 243,151	\$ 440,516

SCHOOL FACILITIES	PROJECT #
Midland Park Jr/Sr High School	N/A
Elementary- Godwin/Highland	N/A
GRAND TOTAL	

**MIDLAND PARK BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2012
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Selective Insurance Property - Blanket Building & Contents	\$ 40,384,097	\$ 5,000
General Liability-NESBIG	2,000,000	1,000
Automobile - NESBIG Liability	1,000,000	1,000
Excess Liability - NESBIG Umbrella Policy	9,000,000	
Workers Compensation - Star Insurance Company Workers Compensation Policy Bodily Injury	1,000,000	
School Board Legal Liability - Darwin Insurance Company Directors and Officers Policy	1,000,000	5,000
Blanket Employee Dishonesty - Hartford Insurance Company	10,000	1,000

Source: District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH 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
Midland Park Board of Education
Midland Park, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Midland Park Board of Education as of and for the fiscal year ended June 30, 2012, which collectively comprise the Midland Park Board of Education's basic financial statements and have issued our report thereon dated November 16, 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 Midland Park Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Midland Park Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Midland Park Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Midland Park Board of Education's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Midland Park Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

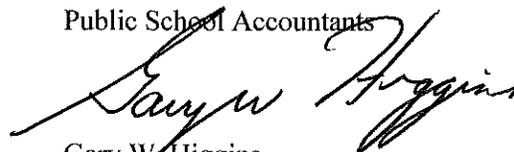
As part of obtaining reasonable assurance about whether the Midland Park Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have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

We noted certain matters that we have reported to management of the Midland Park Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 16, 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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 16, 2012

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

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

Independent Auditor's Report

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

Compliance

We have audited the Midland Park Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Midland Park Board of Education's major state programs for the fiscal year ended June 30, 2012. Midland Park Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Midland Park Board of Education's management. Our responsibility is to express an opinion on Midland Park Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the 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 Midland Park Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Midland Park Board of Education's compliance with those requirements.

In our opinion, Midland Park Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with New Jersey OMB Circular 04-04 and which is described in the accompanying schedule of findings and questioned costs as item 2012-1.

Internal Control Over Compliance

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

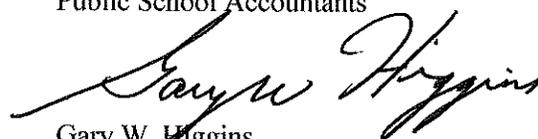
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state program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

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

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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 16, 2012

MIDLAND PARK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2011		Carryover Amount	Adjust Reservable	Cash Reservable	Budgetary Expenditures	Adjustments	(Accounts Receivable)	Deferred Revenue	Due to Grantor at June 30, 2012	MEMO GAAP Reservable	
				(Account Receivable)	Deferred Revenue										
10.555	N/A	7/1/11-6/30/12	\$ 18,480	\$ -	\$ 18,480	\$ -	\$ -	\$ 17,534	\$ -	\$ -	\$ -	\$ 946	\$ -		
10.555	N/A	7/1/10-6/30/11	13,295	1,645	\$ -	\$ -	\$ -	1,645	\$ -	\$ -	\$ -	\$ -	\$ -		
10.555	N/A	7/1/11-6/30/12	47,465	\$ -	46,030	\$ -	\$ -	47,465	\$ -	\$ -	\$ (2,435)	\$ -	\$ -	\$ (2,435)	
10.553	N/A	7/1/11-6/30/12	302	\$ -	455	\$ -	\$ -	302	\$ -	\$ -	\$ (47)	\$ -	\$ -	\$ (47)	
Total Enterprise Fund															
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund:															
84.027	IDEA-3170-12	9/1/11-8/31/12	271,016	\$ -	\$ -	\$ -	\$ -	271,016	\$ -	\$ -	\$ (51,649)	\$ -	\$ -	\$ (51,649)	
84.027	IDEA-3170-11	9/1/10-8/31/11	265,974	(7,312)	\$ -	\$ -	\$ -	7,312	\$ -	\$ -	\$ -	\$ -	\$ -		
84.173	IDEA-3170-12	9/1/11-8/31/12	21,462	\$ -	21,462	\$ -	\$ -	21,462	\$ -	\$ -	\$ -	\$ -	\$ -		
84.173	IDEA-3170-11	9/1/10-8/31/11	21,060	(3,570)	\$ -	\$ -	\$ -	3,570	\$ -	\$ -	\$ -	\$ -	\$ -		
84.191	ARRA - IDEA Part B	9/1/09-8/31/11	271,668	(36,992)	\$ -	\$ -	\$ -	39,489	\$ -	\$ -	\$ -	\$ 163	\$ -		
84.392	ARRA - Preschool Grants	9/1/09-8/31/11	9,832	(2,015)	\$ -	\$ -	\$ -	2,958	\$ -	\$ -	\$ -	\$ -	\$ -		
84.392	NCLB-3170-12	9/1/11-8/31/12	13,198	\$ -	8,847	\$ -	\$ -	6,216	\$ -	\$ -	\$ (15,829)	\$ 4,003	\$ -	\$ (11,826)	
84.392	NCLB-3170-11	9/1/10-8/31/11	13,871	(8,847)	\$ -	\$ -	\$ -	8,847	\$ -	\$ -	\$ -	\$ -	\$ -		
84.010A	NCLB-3170-12	9/1/11-8/31/12	34,721	\$ -	23,925	\$ -	\$ -	36,383	\$ -	\$ -	\$ (22,282)	\$ 9,824	\$ -	\$ (13,458)	
84.010A	NCLB-3170-11	9/1/10-8/31/11	35,564	(5,498)	11,486	\$ -	\$ -	5,498	\$ -	\$ -	\$ -	\$ -	\$ -		
84.186X	NCLB-3170-11	9/1/10-8/31/11	1,717	(22)	22	\$ -	\$ -	668	\$ -	\$ -	\$ (22)	\$ 3	\$ -	\$ (19)	
84.186A	NCLB-3170-11	9/1/10-8/31/11	1,720	(668)	\$ -	\$ -	\$ -	668	\$ -	\$ -	\$ -	\$ -	\$ -		
84.186A	NCLB-3170-09	9/1/08-8/31/09	1,989	(615)	615	\$ -	\$ -	-	\$ -	\$ -	\$ (615)	\$ -	\$ -		
Total Special Revenue Fund															
U.S. Department of Education															
General Fund:															
84.110A	N/A	7/1/11-6/30/12	35,163	\$ -	1,068	\$ -	\$ -	1,068	\$ -	\$ -	\$ -	\$ -	\$ -		
Education Jobs Fund															
Total General Fund															
Total Federal Awards															
											\$ 2,260	\$ 8,471	\$ 14,939	\$ 280	\$ (58,434)

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.
 Note: The District is not subject to a Federal Single Audit.

MIDLAND PARK 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 - Int'l 1, 2011		Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	June 30, 2012		Due to Grantor June 30, 2012	MEMO GAAP Receivable	Combined Total Expenditures
				Deferred Revenue/ (Accts Rec.)	Due to Grantor				(Accounts Receivable)	Deferred Revenue			
State Department of Education													
12-100-034-5120-089		7/1/11-6/30/12	\$ 456,018	\$ -	\$ 441,228	\$ 456,018	\$ -	\$ -	\$ (14,790)	\$ -	\$ -	\$ 456,018	
12-100-034-5120-064		7/1/11-6/30/12	85,450	-	-	85,450	-	-	(85,450)	-	-	85,450	
12-100-034-5120-073		7/1/11-6/30/12	120,431	(120,431)	120,431	120,431	-	-	-	-	-	120,431	
12-495-034-5095-007		7/1/11-6/30/12	26,636	-	26,636	26,636	-	-	-	-	-	26,636	
12-495-034-5095-006		7/1/11-6/30/12	248,207	-	248,207	248,207	-	-	-	-	-	248,207	
12-495-034-5095-001		7/1/11-6/30/12	552,505	-	552,505	552,505	-	-	-	-	-	552,505	
12-495-034-5095-002		7/1/11-6/30/12	594,717	-	588,221	597,717	-	-	(29,996)	-	-	597,717	
Total General Fund				(120,431)	1,957,228	1,966,533	-	-	(129,736)	-	-	(29,996)	1,966,533
New Jersey Nonpublic Aid													
12-100-034-5120-064		7/1/11-6/30/12	8,701	-	8,701	8,701	-	-	-	-	-	-	8,701
11-100-034-5120-064		7/1/10-6/30/11	13,187	203	12,428	12,428	203	-	-	-	-	-	12,428
11-100-034-5120-070		7/1/10-6/30/11	15,626	3,974	12,428	12,428	3,974	-	-	-	-	-	12,428
12-100-034-5120-067		7/1/11-6/30/12	8,068	-	8,068	8,068	-	-	-	-	-	-	8,068
12-100-034-5120-067		7/1/11-6/30/12	103,130	5,024	103,130	69,909	5,024	-	-	33,221	-	69,909	
11-100-034-5120-067		7/1/10-6/30/11	67,652	3,448	3,448	1,638	1,810	-	-	-	-	1,638	
12-100-034-5120-067		7/1/11-6/30/12	3,415	939	17,558	9,751	3,058	-	-	7,787	-	9,751	
12-100-034-5120-066		7/1/11-6/30/12	17,558	3,058	38,500	15,781	5,422	-	-	12,719	-	15,781	
12-100-034-5120-066		7/1/11-6/30/12	28,500	5,422	58,449	29,303	4,616	-	-	29,146	-	29,303	
11-100-034-5120-066		7/1/10-6/30/11	39,116	4,616	1,345	-	-	-	1,345	-	-	-	
11-100-034-5120-066		7/1/11-6/30/12	1,345	-	241,607	155,579	23,236	-	-	84,683	-	155,579	
Total Special Revenue Fund				23,236	241,607	155,579	23,236	-	-	1,345	-	-	155,579
NJ Economic Development Authority													
HVAC Improvements- High School		7/1/04-6/30/05	71,933	(34,455)	34,855	-	-	-	(578)	978	-	(578)	70,955
Total Capital Projects Fund				(34,455)	34,855	-	-	-	(578)	978	-	(578)	70,955
State School Lunch Program		7/1/11-6/30/12	3,324	-	3,156	3,324	-	-	(168)	-	-	3,324	
State School Lunch Program		7/1/10-6/30/11	3,302	(176)	176	-	-	-	-	-	-	-	
Total Food Service Fund				(176)	3,332	3,324	-	-	(168)	-	-	(168)	3,324
Total State Financial Assistance				(155,062)	2,237,021	2,125,456	23,236	-	(130,482)	2,323	84,683	(30,242)	2,196,391
State Financial Assistance Not Subject to Single Audit Determination													
General Fund													
Less: On-Behalf TPAF NCGI Premium		7/1/11-6/30/12	26,636	-	26,636	26,636	-	-	-	-	-	-	26,636
On-Behalf TPAF Pension		7/1/11-6/30/12	248,207	-	248,207	248,207	-	-	-	-	-	-	248,207
On-Behalf TPAF Post-Retirement Medical		7/1/11-6/30/12	552,505	-	552,505	552,505	-	-	-	-	-	-	552,505
Total State Financial Assistance Subject to Single Audit				(155,062)	1,409,574	1,298,088	23,236	-	(130,482)	2,323	84,683	(30,242)	1,569,043

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**MIDLAND PARK 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 Midland Park 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.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase \$20,191 for the general fund and an increase \$8,642 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 1,068	\$ 1,986,724	\$ 1,987,792
Special Revenue Fund	367,647	155,579	523,226
Food Service Fund	<u>67,146</u>	<u>3,324</u>	<u>70,470</u>
Total Financial Assistance	<u>\$ 435,861</u>	<u>\$ 2,145,627</u>	<u>\$ 2,581,488</u>

**MIDLAND PARK 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 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 \$597,717 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 \$274,843 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$552,505 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.

**MIDLAND PARK SCHOOL DISTRICT
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 on financial statements	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ yes <u> X </u> no
2) Were significant deficiencies identified that are not considered to be material weakness(es)?	_____ yes <u> X </u> none reported
Noncompliance material to the basic financial statements noted?	_____ yes <u> X </u> no

Federal Awards Section

Not Applicable

**MIDLAND PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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.

MIDLAND PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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

**MIDLAND PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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 STATE AWARDS

Finding 2012-1

Payment for the purchase and installation of bleachers exceeded the bid threshold and were not awarded by public bid in accordance with N.J.S.A. 18A:18A-4:

Information on the State Program:

State Aid Public

Criteria or Specific Requirement:

State Grant Compliance Supplement
N.J.S.A. 18A:18A Local Public Contracts Law

Condition:

The District contracted for purchase and installation of bleachers where no evidence of public bidding or state contract existed. The purchase of the bleachers was awarded by a quote, however the aggregation of installation of the purchased bleachers exceeded the bid threshold.

Questioned Costs:

None.

Context:

The District contracted for purchase and installation of bleachers.

Effect:

The District is not in compliance with Public Schools Contract Law

Cause:

Unknown.

**MIDLAND PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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 STATE AWARDS (Continued)

Finding 2012-1 (Continued)

Recommendation:

All District purchases for goods and services which in the aggregate exceeds the bid threshold be publicly bid in accordance with the Local Public Contracts Law N.J.S.A. 18A:18A.

View of Responsible Officials and Planned Corrective Action:

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

**MIDLAND PARK 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.