

SCHOOL DISTRICT  
OF  
Roseland Borough

Roseland Borough School District  
Board of Education  
Roseland Borough, New Jersey

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

Comprehensive Annual  
Financial Report

of the

Roseland Borough  
Board of Education

Roseland Borough, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

Roseland Borough  
Board of Education

ROSELAND BOARD OF EDUCATION  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2012

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal .....	1
Organizational Chart.....	5
Roster of Officials.....	6
Consultants and Advisors .....	7

FINANCIAL SECTION ..... 8

Independent Auditors' Report.....	9
-----------------------------------	---

Required Supplementary Information.....	11
Management's Discussion and Analysis (Unaudited).....	12

Basic Financial Statements (Sections A. and B.).....	22
--	----

A. District-Wide Financial Statements.....	23
--	----

A-1 Statement of Net Assets.....	24
A-2 Statement of Activities .....	25

B. Fund Financial Statements .....	27
------------------------------------	----

B-1 Balance Sheet – Governmental Funds.....	28
---	----

B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds .....	29
--	----

B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	31
--	----

B-4 Statement of Net Assets – Proprietary Funds .....	32
---	----

B-5 Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	33
---	----

B-6 Statement of Cash Flows – Proprietary Funds .....	34
---	----

B-7 Statement of Fiduciary Net Assets – Fiduciary Funds .....	35
---	----

B-8 Statement of Changes in Fiduciary Net Assets – Fiduciary Funds (Not Applicable) .....	36
---	----

Notes to the Basic Financial Statements.....	37
--	----

Supplementary Schedules (Sections C. to I.)

C. Budgetary Comparison Schedules (Unaudited) .....	57
---	----

C-1 Budgetary Comparison Schedule – General Fund.....	58
---	----

C-2 Combining Budgetary Schedule – Special Revenue Fund .....	68
---	----

C-3 Budget-to-GAAP Reconciliation- Notes to Required Supplementary Information .....	69
--	----

ROSELAND BOARD OF EDUCATION  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

FINANCIAL SECTION (Cont'd)

D. School Level Schedules (Not Applicable) .....	70
E. Special Revenue Fund .....	71
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis .....	72
E-2 Preschool Education Aid Schedule of Expenditures– Budgetary Basis (Not Applicable)	
F. Capital Projects Fund .....	74
F-1 Summary Schedule of Revenue, Expenditures and Changes in Fund Balance .....	75
F-1a Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Additions and Renovations to Lester C. Noecker Elementary School .....	76
F-1b Schedule of Project Revenues, Expenditures, Project Balances and Project Status – Lester C. Noecker Elementary School Roof Replacement Project .....	77
G. Proprietary Funds .....	78
Enterprise Fund:	
G-1 Statement of Net Assets.....	79
G-2 Statement of Revenue, Expenses and Changes in Fund Net Assets.....	80
G-3 Statement of Cash Flows .....	81
H. Fiduciary Funds.....	82
H-1 Combining Statement of Fiduciary Net Assets .....	83
H-2 Combining Statement of Changes in Fiduciary Net Assets (Not Applicable).....	84
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements .....	85
H-4 Student Activity Agency Fund Statement of Activity .....	86
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements.....	87
I. Long-Term Debt.....	88
I-1 Schedule of Serial Bonds.....	89
I-2 Schedule of Obligations Under Capital Leases (Not Applicable) .....	90
I-3 Debt Service Fund Budgetary Comparison Schedule (Unaudited) .....	91
J. STATISTICAL SECTION (Unaudited).....	92
J-1 Net Assets by Component .....	93
J-2 Changes in Net Assets.....	94
J-3 Fund Balances – Governmental Funds.....	96
J-4 Changes in Fund Balances – Governmental Funds .....	97

ROSELAND BOARD OF EDUCATION  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

J.	STATISTICAL SECTION (Unaudited) (Cont'd)	
J-5	General Fund Other Local Revenue by Source .....	99
J-6	Assessed Value and Actual Value of Taxable Property .....	100
J-7	Direct and Overlapping Property Tax Rates.....	101
J-8	Principal Property Taxpayers .....	102
J-9	Property Tax Levies and Collections.....	103
J-10	Ratios of Outstanding Debt by Type .....	104
J-11	Ratios of Net General Bonded Debt Outstanding.....	105
J-12	Ratios of Overlapping Governmental Activities Debt.....	106
J-13	Legal Debt Margin Information .....	107
J-14	Demographic and Economic Statistics .....	108
J-15	Principal Employers .....	109
J-16	Full-Time Equivalent District Employees by Function/Program .....	110
J-17	Operating Statistics.....	111
J-18	School Building Information .....	112
J-19	Schedule of Required Maintenance for School Facilities.....	113
J-20	Insurance Schedule .....	114
K.	SINGLE AUDIT SECTION .....	115
K-1	Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	116
K-2	Independent Auditor's 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's Circular 04-04 .....	118
	Schedule of Expenditures of Federal Awards .....	120
	Schedule of Expenditures of State Awards .....	121
	Notes to the Schedules of Expenditures of Federal and State Awards.....	122
	Schedule of Findings and Questioned Costs .....	124
	Summary Schedule of Prior Audit Findings .....	126

INTRODUCTORY SECTION

## ROSELAND BOARD OF EDUCATION

Lester C. Noecker School  
Passaic Avenue  
Roseland, New Jersey 07068

Office of the Superintendent  
(973) 226-1296

Office of the Board Secretary  
(973) 226-1296

Office of the Principal  
(973) 226-7644

October 8, 2012

The Honorable President and Members of  
the Board of Education  
Roseland Board of Education  
County of Essex, New Jersey

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Roseland Board of Education (the "District") for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Roseland Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations 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 Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Roseland Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Roseland Board of Education's elementary school constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 6. These include regular, as well as special education, for handicapped youngsters. The District completed the 2011-2012 fiscal year with an average daily enrollment of 494 students, which is 13 students less than the prior year's enrollment.

The Honorable President and Members of  
 the Board of Education  
 Roseland Board of Education  
 Page 2  
 October 8, 2012

1. REPORTING ENTITY AND ITS SERVICES: (Cont'd) The following details the changes in the elementary student average daily enrollment of the District over the last five years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment Student Enrollment</u>	<u>Percent Change</u>
2011-2012	494	-2.56%
2010-2011	507	0.60%
2009-2010	504	-0.98%
2008-2009	509	4.73%
2007-2008	486	1.89%

2. ECONOMIC CONDITION AND OUTLOOK: Commercial development and expansion in Roseland is experiencing a holding pattern due to the economic downturn affecting commercial markets and many municipalities.

The Borough of Roseland completed a revaluation that was reflected in the 2011 taxes. There was a significant shift from the commercial side to the residential side of the 2011 tax base.

Over the past five years, the Borough has been involved in litigation regarding numerous, long standing tax appeals. The commercial tax appeals are significant, as the outcome of the appeals has had and will have substantial and adverse consequences to the Borough's budget and financial stability.

3. MAJOR INITIATIVES:

We continue to improve our technology equipment by increasing the number of hard-wired smart boards and replacing a few of our older PC's. We also continue to improve the use of the data available to teachers through electronic programs and software for grades 3-6. A standardized test, Measurement of Academic Progress, will be taken by all students a minimum of twice per year.

Teachers attended a variety of professional development workshops in and out of district. Due to a statewide mandate, a major emphasis was directed to student Anti-Bullying workshops. All District employees were provided training on identifying and reporting harassment, intimidation and bullying incidents.

Our district objectives were achieved and the results were sent to the County Superintendent.

The Honorable President and Members of  
the Board of Education  
Roseland Board of Education  
Page 3  
October 8, 2012

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system 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 generally accepted accounting principles (GAAP). The internal control system 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 system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

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

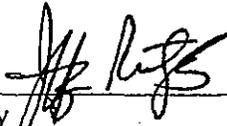
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments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

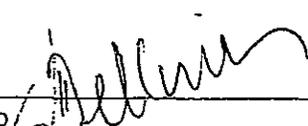
6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. DEBT ADMINISTRATION: As of June 30, 2012, the District's outstanding debt totals \$9,213,000 for general obligation bonds.

The Honorable President and Members of  
the Board of Education  
Roseland Board of Education  
Page 4  
October 8, 2012

8. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic 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.
9. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found in J-20.
10. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. 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 Amendments of 1996 and the related OMB 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*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.
11. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Roseland School Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

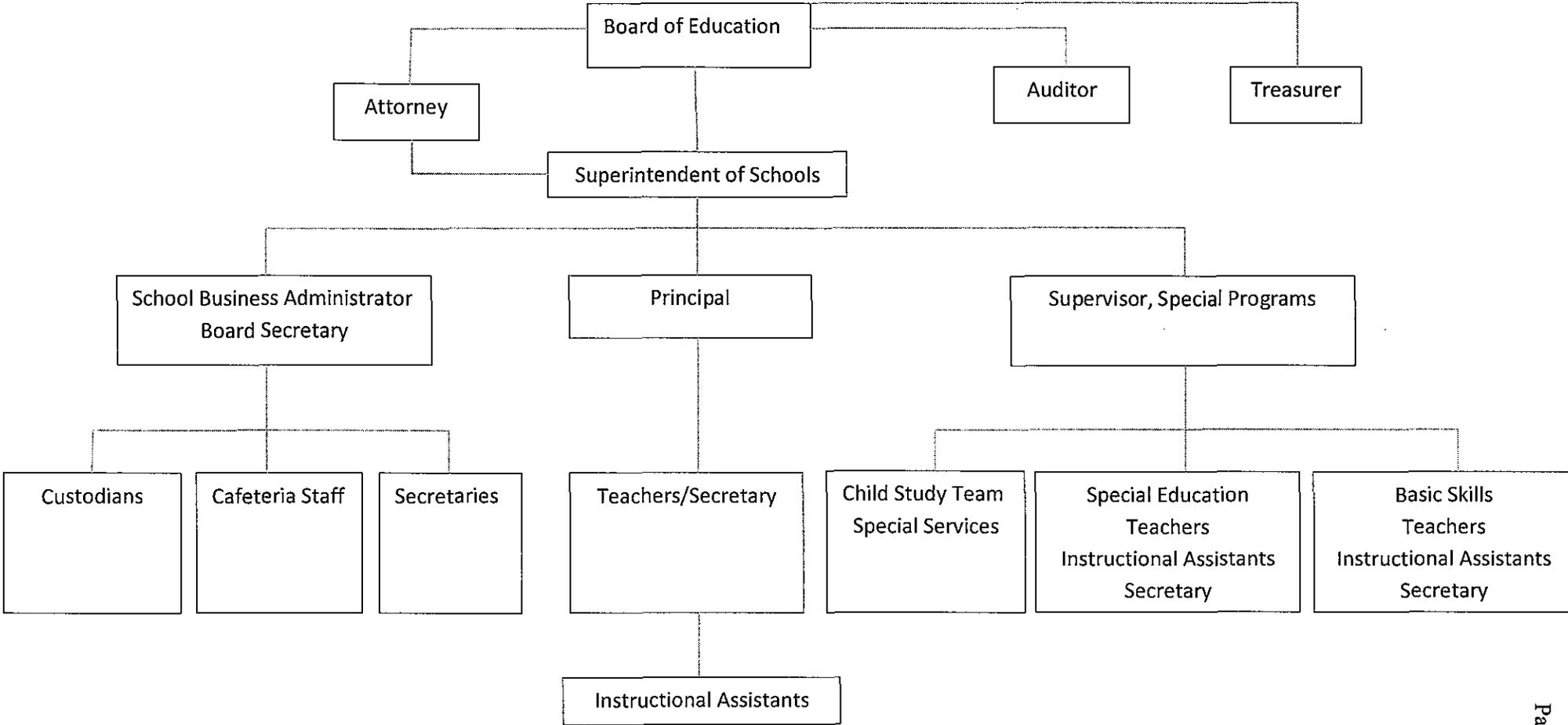
Respectfully submitted,

  
\_\_\_\_\_  
Jeffrey Rutzky  
Superintendent, Principal and  
Director of Special Services

  
\_\_\_\_\_  
Joseph Bellino  
Interim Business Administrator/Board Secretary

ROSELAND BOARD OF EDUCATION

1110 ORGANIZATIONAL CHART



ROSELAND SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2012

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Mr. Paul Mastrangelo, President		2012
Mr. Neal Goldstein Vice-President		2012
Mrs. Anna Gordon		2013
Mr. Robert Farina		2014
Mrs. Julie DiGiacomo		2014
 <u>Other Officials</u>		
	<u>Title</u>	
Jeffrey Rutzky	Superintendent	
Doreen Schwarz	Principal	
Joseph Bellino	Interm Business Administrator/Board Secretary	
Gabriella Caro	Assistant to the Business Administrator/Board Secretary	
Norman Katz	Treasurer of School Monies (From 7/1/2011 to 5/31/2012)	
Kathleen Marano	Treasurer of School Moneis (From 6/1/12 to 6/30/12)	

**ROSELAND SCHOOL DISTRICT**

Consultants and Advisors  
Year Ended June 30, 2012

**Audit Firm**

Nisivoccia LLP  
200 Valley Road Suite 300  
Mount Arlington, NJ 07856

**Attorney**

Matthew Giacobbe  
Cleary, Giacobbe, Alfieri, & Jacobs  
5 Ravine Drive  
Matawan, NJ 07747

**Official Depository**

TD Bank  
Barbara Ramsey  
600 Passaic Avenue  
West Caldwell NJ 07006

**Bond Attorney**

Ms. Andrea Kahn, Esq.  
McManimon & Scotland, L.L.C.  
One River Front Plaza, Fourth Floor  
Newark, NJ 07102-5408

**Architect**

Spiezle Architectural Group Inc.  
Scott Downie  
120 Sanhican Drive  
Trenton, NJ 08618

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555

### Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Roseland Board of Education  
 County of Essex, 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 Board of Education of the Roseland Board of Education in the County of Essex 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 foregoing 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 *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 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 the 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 above 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 Board of Education of the Roseland Board of Education in the County of Essex 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.

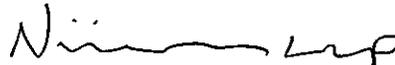
In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2012 on our consideration of the Board of Education of the Roseland Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, 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.

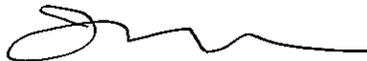
The Honorable President and Members  
of the Board of Education  
Roseland Board of Education  
Page 2

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report, and Budgetary Comparison Information in Exhibits C-1 through C-3 and I-3 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 Board of Education of the Roseland Board of Education's basic financial statements. The accompanying supplementary information schedules such as the combining and individual non-major fund financial statements and the Schedules of Expenditures of Federal and State Awards, 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*, are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has 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 it.

October 8, 2012  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

  
\_\_\_\_\_  
David H. Evans  
Licensed Public School Accountant #740  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION -  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

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

This section of Roseland Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending 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 follow this section.

**Financial Highlights**

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

- The District's net assets increased \$203,334 during the year.
- General Fund – In 2011/12, the General Fund had \$7,673,313 in revenue. The majority of General Fund revenue was raised through local property taxes and state aid. The total General Fund expenditures for 2011/12 were \$7,621,911.
- The District's total bonded debt decreased by \$455,000 during the current fiscal year.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**  
**Organization of Roseland Borough School District's Financial Report**

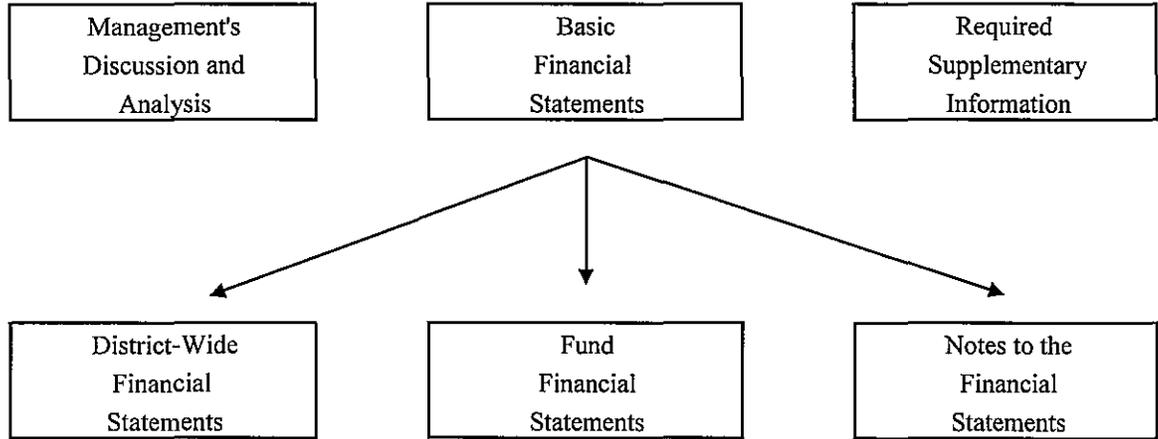


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

## Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements			
	District-Wide 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 special education and building maintenance	Activities the district operates similar to private businesses; food services	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenue, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Revenue, Expenses and Changes in Net Assets</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Assets</li> <li>• Statement of Changes in Fiduciary Net Assets</li> </ul>
Accounting basis and measurement focus	Accrual Accounting and Economic Resources focus	Modified Accrual Accounting and Current Financial Focus	Accrual Accounting and Economic Resources focus	Accrual Accounting and Economic Resources focus
Type of Asset/Liability Information	All Assets and Liabilities, both Financial and Capital, Short-Term and Long-Term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All Revenue and Expenses during the year, regardless of when Cash is Received or Paid	Revenue 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 liabilities are due and payable	All Revenue and Expenses during the year, regardless of when cash is received or paid	All Additions and Deductions during the year, regardless of when cash is received or paid

### District-Wide Statements

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

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial 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 divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service 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 by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you 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, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

### Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

### Financial Analysis of the District as a Whole

Net Assets. The District's net assets are shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is computed into the total. The depreciation factored into the District's net assets for 2011/12 is \$429,986. This same amount is also factored in as an expense in this audit.

Figure A-3

#### Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12
Current and Other Assets	\$ 923,731	\$ 717,631	\$ 60,190	\$ 71,363	\$ 983,921	\$ 788,994	24.71%
Capital Assets	13,325,774	13,652,678	29,255	19,283	13,355,029	13,671,961	-2.32%
Total Assets	14,249,505	14,370,309	89,445	90,646	14,338,950	14,460,955	-0.84%
Long-Term Debt Outstanding	9,270,408	9,751,018			9,270,408	9,751,018	-4.93%
Other Liabilities	166,588	11,890	1,292	719	167,880	12,609	1231.43%
Total Liabilities	9,436,996	9,762,908	1,292	719	9,438,288	9,763,627	-3.33%
Net Assets:							
Invested in Capital Assets,							
Net of Related Debt	4,112,774	3,984,678	29,255	19,283	4,142,029	4,003,961	3.45%
Restricted	459,630	442,378			459,630	442,378	3.90%
Unrestricted	240,105	180,345	58,898	70,644	299,003	250,989	19.13%
Total Net Assets	\$ 4,812,509	\$ 4,607,401	\$ 88,153	\$ 89,927	\$ 4,900,662	\$ 4,697,328	4.33%

*Changes in net assets.* The District's *combined* net assets were \$4,900,662 on June 30, 2012, \$203,334 or 4.33% more than they were the year before. (See Figure A-3). The reduction of District long-term debt associated with capital assets was the primary reason for the increase in the year end governmental net assets. The net assets of the business-type activities decreased \$1,774 (see Figure A-4).

**Figure A-4**  
**Changes in Net Assets from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2010/11
Revenue:							
Program Revenue:							
Charges for Services			\$ 122,613	\$ 123,272	\$ 122,613	\$ 123,272	-0.53%
Operating Grants and Contributions	\$ 955,871	\$ 791,302	27,005	21,869	982,876	813,171	20.87%
General Revenue:							
Property Taxes	7,534,582	7,399,543			7,534,582	7,399,543	1.82%
Federal and State Aid	32,625	71,542			32,625	71,542	-54.40%
Other	128,845	127,818	81	152	128,926	127,970	0.75%
Total Revenue	8,651,923	8,390,205	149,699	145,293	8,801,622	8,535,498	3.12%
Expenses:							
Instruction	4,675,473	4,347,339			4,675,473	4,347,339	7.55%
Pupil & Instruction Services	1,310,020	1,215,034			1,310,020	1,215,034	7.82%
Administrative and Business	842,018	855,412			842,018	855,412	-1.57%
Maintenance & Operations	638,591	654,277			638,591	654,277	-2.40%
Transportation	275,362	323,439			275,362	323,439	-14.86%
Other	705,351	741,863	151,473	141,928	856,824	883,791	-3.05%
Total Expenses	8,446,815	8,137,364	151,473	141,928	8,598,288	8,279,292	3.85%
Change in Net Assets	\$ 205,108	\$ 252,841	\$ (1,774)	\$ 3,365	\$ 203,334	\$ 256,206	-20.64%

*Revenue Sources.* The District's total revenue for the 2011/12 school year was \$8,801,622. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$7,534,582 of the total, or 85.60 percent. (See Figure A-5). Another 11.17 percent came from state formula aid and the remainder came from miscellaneous sources. Roseland Borough School District basically conducts its operations from the revenues it receives from its local taxpayers and state funding.

**Figure A-5**  
**Sources of Revenue for Fiscal Year 2012**

Sources of Income	Amount	Percentage
State Formula Aid	\$ 982,876	11.17%
Property Taxes	7,534,582	85.60%
Federal and State Categorical Grants	32,625	0.37%
Charges for Services	122,613	1.39%
Other	128,926	1.47%
	\$ 8,801,622	100.00%

The total cost of all programs and services was \$8,598,288. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (72.82 percent). (See Figure A-6). The District's administrative and business activities accounted for 9.79 percent of total costs. The most significant contributor to the costs of Maintenance and Operations was higher fuel costs.

**Figure A-6**  
**Expenses for Fiscal Year 2012**

Expense Category	Amount	Percentage
Instruction	\$ 4,675,473	54.38%
Pupil & Instruction Services	1,310,020	15.24%
Administrative and Business	842,018	9.79%
Maintenance & Operations	638,591	7.43%
Transportation	275,362	3.20%
Other	856,824	9.96%
	\$ 8,598,288	100.00%

### Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District remains relatively stable. Maintaining current levels of regular and special programs and services for special needs pupils place great demands on the District's resources. Careful management of expenditures generated from declining revenues is essential for the District's financial stability.

Financial resources are at their tightest level in a decade, while demands for new educational activities and programs continue. It has never been more challenging to balance the needs of the District with the financial resources available to the District. Thus, it is critical that the District remains steadfast to thoroughly examine its budget choices carefully.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7**

**Net Cost of Governmental Activities**

	Total		Net	
	Cost of Services		Cost of Services	
	2011/12	2010/11	2011/12	2010/11
Instruction	\$ 4,675,473	\$ 4,347,339	\$ 4,001,112	\$ 3,821,992
Pupil & Instruction Services	1,310,020	1,215,034	1,133,502	1,055,636
Administrative and Business	842,018	855,412	774,207	793,635
Maintenance & Operations	638,591	654,277	604,561	625,033
Transportation	275,362	323,439	275,362	310,600
Other	705,351	741,863	702,200	739,166
<b>Total</b>	<b>\$ 8,446,815</b>	<b>\$ 8,137,364</b>	<b>\$ 7,490,944</b>	<b>\$ 7,346,062</b>

The cost of all governmental activities this year was \$8.45 million.

- The federal and state governments subsidized certain programs with grants and contributions (\$1,015,501).
- Most of the District's costs (\$7.53 million), however, were financed by District taxpayers.
- The remainder of the funding came from charges for services, miscellaneous revenue and investment earnings.

**Business-Type Activities**

Net assets from the District's business-type activity decreased by \$1,774, which is due to revenue collections being less than expenses (refer to Figure A-4).

**Financial Analysis of the District's Funds**

The District's financial position is relatively sound despite significant declining budget revenues during a difficult economic environment. The significant reduction in State aid has had a direct impact upon the District's revenues and will directly increase pressure on the local tax burden. The District had the luxury in past years of using excess fund balance to reduce the taxes for the ensuing school year; however, legislation enacted has limited the amount of fund balance to 2% going forward. Accordingly, the Roseland District has taken measures to reduce expenses and not be dependent on excess fund balance going forward which has been a challenge during 2011/12 and will continue to be a larger challenge going forward.

To maintain a stable financial position, the District must continue to practice sound fiscal management.

### General Fund Budgetary Highlights

Over the course of the year, the District revised its annual operating budget several times due to the following:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and maintenance activities.

### Capital Asset and Debt Administration

Figure A-8

#### Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12
Land	\$ 107,904	\$ 107,904			\$ 107,904	\$ 107,904	0.00%
Construction in Progress		383,800				383,800	-100.00%
Buildings & Building Improvements	12,783,880	12,734,367			12,783,880	12,734,367	0.39%
Machinery and Equipment	433,990	426,607	\$ 29,255	\$ 19,283	463,245	445,890	3.89%
<b>Total</b>	<b>\$ 13,325,774</b>	<b>\$ 13,652,678</b>	<b>\$ 29,255</b>	<b>\$ 19,283</b>	<b>\$ 13,355,029</b>	<b>\$ 13,671,961</b>	<b>-2.32%</b>

### Long-Term Debt

At year-end, the District had \$9,213,000 in general obligation bonds and \$57,408 in other long-term debt outstanding – a reduction of \$480,610 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9

#### Outstanding Long-Term Debt

	Total School District		Total Percentage Change
	2011/12	2010/11	2011/12
General Obligation Bonds and Notes (Financed with Property Taxes)	\$ 9,213,000	\$ 9,668,000	-4.71%
Other Long Term Liabilities	57,408	83,018	-30.85%
<b>Total</b>	<b>\$ 9,270,408</b>	<b>\$ 9,751,018</b>	<b>-4.93%</b>

- The District continued to pay down its debt, retiring \$455,000 of general obligation bonds.
- No new debt was issued during the year.

### **Factors Bearing on the District's Future**

The District closed the 2011/12 fiscal year with an Unassigned Fund balance of \$250,000, which equals the maximum of 2.00% currently permitted by state law. In addition, the District authorized the transfer of \$150,000, of which actual transfers were \$143,812, at year end from the General Fund to the Capital Reserve. This increased the restriction from \$177,811 to \$321,656. The Capital Reserve represents funds set aside for capital building improvements and repairs in future years. Also, the calculation of the District's excess surplus performed during the annual audit revealed no excess surplus at year end.

### **Contacting the District's Financial Management**

This financial report is designed to provide the District's 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 Board of Education Office, Lester C. Noecker School, Passaic Avenue, Roseland, New Jersey 07068.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

ROSELAND BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 456,819	\$ 55,572	\$ 512,391
Receivables:			
Other Governments	145,256	1,056	146,312
Inventory		3,562	3,562
Restricted Assets:			
Capital Reserve Account - Cash	321,656		321,656
Capital Assets:			
Sites (Land)	107,904		107,904
Depreciable Buildings and Building Improvements and Machinery and Equipment	13,217,870	29,255	13,247,125
Total Assets	<u>14,249,505</u>	<u>89,445</u>	<u>14,338,950</u>
<b>LIABILITIES:</b>			
Accounts Payable - Vendors	142,295		142,295
Deferred Revenue	24,293	1,292	25,585
Noncurrent Liabilities:			
Due Within One Year	480,000		480,000
Due Beyond One Year	8,790,408		8,790,408
Total Liabilities	<u>9,436,996</u>	<u>1,292</u>	<u>9,438,288</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	4,112,774	29,255	4,142,029
Restricted for:			
Capital Projects	340,664		340,664
Other Purposes	118,966		118,966
Unrestricted	240,105	58,898	299,003
Total Net Assets	<u>\$ 4,812,509</u>	<u>\$ 88,153</u>	<u>\$ 4,900,662</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

ROSELAND BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 3,579,163		\$ 396,491		\$ (3,182,672)		\$ (3,182,672)
Special Education	848,333		255,900		(592,433)		(592,433)
Other Special Instruction	247,977		21,970		(226,007)		(226,007)
<b>Support Services:</b>							
Tuition	251,954		95,635		(156,319)		(156,319)
Student & Instruction Related Services	1,058,066		80,883		(977,183)		(977,183)
General Administrative Services	354,778		23,425		(331,353)		(331,353)
School Administrative Services	261,792		26,829		(234,963)		(234,963)
Central Services	179,848		17,557		(162,291)		(162,291)
Administrative Technology Services	45,600				(45,600)		(45,600)
Plant Operations and Maintenance	638,591		34,030		(604,561)		(604,561)
Pupil Transportation	275,362				(275,362)		(275,362)
Interest on Long-Term Debt	382,843				(382,843)		(382,843)
Capital Outlay	19,109				(19,109)		(19,109)
Special Schools	38,435		3,151		(35,284)		(35,284)
Unallocated Depreciation	264,964				(264,964)		(264,964)
<b>Total Governmental Activities</b>	<b>8,446,815</b>		<b>955,871</b>		<b>(7,490,944)</b>		<b>(7,490,944)</b>

ROSELAND BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 151,473	\$ 122,613	\$ 27,005			\$ (1,855)	\$ (1,855)
Total Business-Type Activities	151,473	122,613	27,005			(1,855)	(1,855)
Total Primary Government	\$ 8,598,288	\$ 122,613	\$ 982,876	\$ -0-	\$ (7,490,944)	\$ (1,855)	\$ (7,492,799)
General Revenue:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 6,729,364		\$ 6,729,364
Taxes Levied for Debt Service					805,218		805,218
Federal and State Aid not Restricted					32,625		32,625
Investment Earnings on Capital Reserve					33		33
Miscellaneous Income					128,812	\$ 81	128,893
Total General Revenue					7,696,052	81	7,696,133
Change in Net Assets					205,108	(1,774)	203,334
Net Assets - Beginning					4,607,401	89,927	4,697,328
Net Assets - Ending					\$ 4,812,509	\$ 88,153	\$ 4,900,662

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

Exhibit B-1

ROSELAND BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 416,386		\$ 40,433		\$ 456,819
Interfund Receivable	112,520				112,520
Receivables From State Government	14,836				14,836
Receivables From Federal Governments	15,032	\$ 115,388			130,420
Restricted Cash and Cash Equivalents	321,656				321,656
<b>Total Assets</b>	<b>\$ 880,430</b>	<b>\$ 115,388</b>	<b>\$ 40,433</b>	<b>\$ -</b>	<b>\$ 1,036,251</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 142,295				\$ 142,295
Interfunds Payable		\$ 91,095	\$ 21,425		112,520
Deferred Revenue		24,293			24,293
<b>Total Liabilities</b>	<b>142,295</b>	<b>115,388</b>	<b>21,425</b>		<b>279,108</b>
<b>Fund Balances:</b>					
<b>Restricted Fund Balances:</b>					
Capital Reserve Account	321,656				321,656
Excess Surplus - Designated for Subsequent Years' Expenditures	118,966				118,966
Capital Projects Fund			19,008		19,008
<b>Assigned Fund Balances:</b>					
Year-end Encumbrances	67,011				67,011
Unassigned Fund Balance	230,502				230,502
<b>Total Fund Balances</b>	<b>738,135</b>		<b>19,008</b>		<b>757,143</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 880,430</b>	<b>\$ 115,388</b>	<b>\$ 40,433</b>	<b>\$ -</b>	

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 \$17,748,296 and the accumulated depreciation is \$4,422,522.	13,325,774
Long-term liabilities, including bonds payable and other long-term liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(9,270,408)
<b>Net Assets of Governmental Activities</b>	<b>\$ 4,812,509</b>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

ROSELAND BOARD OF EDUCATION  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 6,729,364			\$ 805,218	\$ 7,534,582
Interest on Earned on Capital Reserve	33				33
Miscellaneous	128,812	\$ 25,379			154,191
Total - Local Sources	6,858,209	25,379		805,218	7,688,806
State Sources	800,072			32,625	832,697
Federal Sources	15,032	115,388			130,420
Total Revenues	7,673,313	140,767		837,843	8,651,923
EXPENDITURES:					
Current:					
Regular Instruction	2,424,778	33,683			2,458,461
Special Education Instruction	693,814	11,449			705,263
Other Special Instruction	180,534				180,534
Support Services and Undistributed Costs:					
Tuition	156,319	95,635			251,954
Student & Instruction Related Services	809,767				809,767
General Administrative Services	235,858				235,858
School Administrative Services	191,272				191,272
Central Services	125,952				125,952
Administrative Information Technology	45,600				45,600
Plant Operations and Maintenance	534,120				534,120
Pupil Transportation	275,362				275,362
Unallocated Benefits	1,800,205				1,800,205
Debt Service:					
Principal				455,000	455,000
Interest and Other Charges				382,843	382,843

ROSELAND BOARD OF EDUCATION  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Capital Outlay	\$ 119,567				\$ 119,567
Special Schools	28,763				28,763
<b>Total Expenditures</b>	<b>7,621,911</b>	<b>\$ 140,767</b>		<b>\$ 837,843</b>	<b>8,600,521</b>
Excess/(Deficiency) of Revenue over Expenditures	51,402				51,402
Fund Balance - July 1	686,733		\$ 19,008		705,741
Fund Balance - June 30	<u>\$ 738,135</u>	<u>\$ -0-</u>	<u>\$ 19,008</u>	<u>\$ -0-</u>	<u>\$ 757,143</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

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

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 51,402

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the depreciation and the deletion of assets for the current year.

Depreciation Expense	\$	(427,362)	
Asset Additions		<u>100,458</u>	
			(326,904)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 (+). 25,610

Repayment of serial bonds 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. 455,000

Change in Net Assets of Governmental Activities (Exhibit A-2) \$ 205,108

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-4

ROSELAND BOARD OF EDUCATION  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AS OF JUNE 30, 2012

	<u>Business-Type Activities Enterprise Fund</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 55,572
Accounts Receivable:	
State	95
Federal	961
Inventories	<u>3,562</u>
Total Current Assets	<u>60,190</u>
Non-Current Assets:	
Capital Assets	86,204
Less: Accumulated Depreciation	<u>(56,949)</u>
Total Non-Current Assets	<u>29,255</u>
Total Assets	<u>89,445</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Deferred Revenue	<u>1,292</u>
Total Current Liabilities	<u>1,292</u>
<u>NET ASSETS:</u>	
Investment in Capital Assets Net of Related Debt	29,255
Unrestricted	<u>58,898</u>
Total Net Assets	<u>\$ 88,153</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

ROSELAND BOARD OF EDUCATION  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Business-Type Activities - Enterprise Fund</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 85,816
Daily Sales - Non-Reimbursable Programs	23,561
Daily Sales- Credit Card Sales	<u>13,236</u>
Total Operating Revenue	<u>122,613</u>
Operating Expenses:	
Cost of Goods Sold	70,773
Salaries and Payroll Taxes	43,628
Employee Benefits	6,459
Supplies and Materials	17,379
Administrative Expense	1,924
Management Fee	8,686
Depreciation Expense	<u>2,624</u>
Total Operating Expenses	<u>151,473</u>
Operating (Loss)	(28,860)
Non-Operating Revenue:	
Local Sources:	
Interest Income	81
State Sources:	
State School Lunch Program	1,566
Federal Sources:	
National School Lunch Program	15,377
Food Distribution Program	<u>10,062</u>
Total Non-Operating Revenue	<u>27,086</u>
Change in Net Assets	(1,774)
Net Assets - Beginning of Year	<u>89,927</u>
Net Assets - End of Year	<u><u>\$ 88,153</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

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

	<u>Business-Type Activities - Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 122,613
Payments to Employees	(43,628)
Payments for Benefits	(6,459)
Payments to Suppliers	(88,287)
Net Cash Used for Operating Activities	<u>(15,761)</u>
Cash Flows by Noncapital Financing Activities:	
Cash Received from Federal and State Sources	<u>17,243</u>
Net Cash Provided by Noncapital Financing Activities	<u>17,243</u>
Cash (Used) for Capital and Related Financing Activities:	
Purchase of Equipment	<u>(12,596)</u>
Net Cash (Used) for Capital and Related Financing Activities	<u>(12,596)</u>
Cash Flows from Investing Activities:	
Interest on Investments	<u>81</u>
Net Cash Provided by Investing Activities	<u>81</u>
Net Decrease in Cash and Cash Equivalents	(11,033)
Cash and Cash Equivalents, July 1	<u>66,605</u>
Cash and Cash Equivalents, June 30	<u>\$ 55,572</u>
Reconciliation of Operating Income to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (28,860)
Adjustment to Reconcile Operating Income to Cash Used for Operating Activities:	
Federal Food Distribution Program	10,062
Depreciation Expense	2,624
Changes in Assets and Liabilities:	
(Increase) in Inventory	(160)
Increase in Deferred Revenue	<u>573</u>
Net Cash Used for Operating Activities	<u>\$ (15,761)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. donated commodities through the Food Distribution Program valued at \$11,214 and utilized commodities valued at \$10,062.

Exhibit B-7

ROSELAND BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
AS OF JUNE 30, 2012

	Agency Funds	Total
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 52,615	\$ 52,615
Total Assets	52,615	52,615
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	34,167	34,167
Due to Student Groups	18,448	18,448
Total Liabilities	\$ 52,615	\$ 52,615

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

ROSELAND BOARD OF EDUCATION  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Roseland Board of Education (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of 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.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school located in Borough of Roseland. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

ROSELAND BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

*Fund Financial Statements:* During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all governmental funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

ROSELAND BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

Enterprise Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund and Payroll Agency Fund.

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by unassigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

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

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting: (Cont'd)

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the school election on the fourth Wednesday in April, 2011. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current year. Since the State is recording the last state aid payments in the subsequent fiscal year, the District cannot recognize this payment on the GAAP financial statements.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of SDA grants. Grants are recognized in full in the year the grants are awarded on the budgetary basis; but, are not recognized on the GAAP basis until they are expended and submitted for reimbursement.

ROSELAND BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 7,689,580	\$ 140,767
Differences - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements not Recognized for Budgetary Purposes	3,231	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(19,498)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 7,673,313</u>	<u>\$ 140,767</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 7,621,911</u>	<u>\$ 140,767</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 7,621,911</u>	<u>\$ 140,767</u>
<u>Capital Projects Fund:</u>		
Recapitulation:		
Fund Balance - Budgetary Basis		<u>\$ 19,008</u>
Capital Projects Fund Balance per Governmental Funds (GAAP)		<u>\$ 19,008</u>

ROSELAND BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that 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.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

ROSELAND BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances:

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 restricted, 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 Years
Site Improvements	20 Years
Furniture and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 Years

ROSELAND BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, as expenditures in 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.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2012.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

In the district-wide Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Deferred Revenue:

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

ROSELAND BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated:

General Fund: Of the \$738,135 General Fund fund balance at June 30, 2012, \$67,011 is assigned for encumbrances; \$321,626 is restricted in the capital reserve account; \$118,966 is prior year excess surplus which will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2013; and \$230,502 is assigned which is \$19,498 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2013.

Capital Projects Fund: The Capital Projects Fund has \$19,008 restricted fund balance at June 30, 2011.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2003, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996(CEIFA). New Jersey school districts are required to restrict General Fund balance 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 District had excess surplus as noted above.

The District's assigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$19,498 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payments are not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last state aid payments.

Q. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

R. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes 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 the governmental funds.

ROSELAND BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's, highest level of decision making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes by do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for debt service, excess surplus, a capital reserve, a tuition reserve, a maintenance reserve and an emergency reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources for year-end encumbrances at June 30, 2012.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for capital purposes at June 30, 2012.

S. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

ROSELAND BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Operating Revenue and Expenses:

Operating revenue is revenue that is generated directly from the primary activity of the Enterprise Funds. For the School District, this revenue represents sales for food service. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

U. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40 *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

ROSELAND BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits: (Cont'd)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;

ROSELAND BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (d) the underlying securities are purchased through a public depository as defined in statute; and
- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents	Total
Checking and Savings Accounts	\$ 565,006	\$ 321,656	\$ 886,662
	\$ 565,006	\$ 321,656	\$ 886,662

The carrying amount of the Board's cash and cash equivalents at June 30, 2012, was \$886,662 and the bank balance was \$1,036,867. The District did not hold any investments during the fiscal year ended June 30, 2012.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Roseland Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, 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 amount 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-5.1(d)7, the balance in the account 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 July 1, 2011 to June 30, 2012 fiscal year is as follows:

Balance at June 30, 2011	\$ 177,811
Increased by:	
Interest Earned	33
Board Resolution Dated June 21, 2012	143,812
Balance at June 30, 2012	\$ 321,656

The June 30, 2012 LRFP balance of local support costs of uncompleted capital projects exceeds the balance in the capital reserve account at June 30, 2012.

ROSELAND BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2012, the District transferred \$17,111 to the capital outlay equipment accounts which did not require county superintendent approval. The District transferred \$30,106 to the capital outlay construction services which did not receive approval from the county superintendent.

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	Beginning Balance	Additions	Transfer Construction in Progress	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 107,904			\$ 107,904
Construction in Progress	383,800		\$ (383,800)	
Total Capital Assets not Being Depreciated	491,704		(383,800)	107,904
Capital Assets Being Depreciated				
Buildings and Building Improvements	15,762,428	\$ 30,106	383,800	16,176,334
Machinery and Equipment	1,393,706	70,352		1,464,058
Total Capital Assets Being Depreciated	17,156,134	100,458	383,800	17,640,392
Governmental Activities Capital Assets	17,647,838	100,458		17,748,296
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(3,028,061)	(364,393)		(3,392,454)
Machinery and Equipment	(967,099)	(62,969)		(1,030,068)
Total Accumulated Depreciation	(3,995,160)	(427,362)		(4,422,522)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 13,652,678	\$ (326,904)	\$ -0-	\$ 13,325,774
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 73,608	\$ 12,596		\$ 86,204
Less Accumulated Depreciation	(54,325)	(2,624)		(56,949)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 19,283	\$ 9,972	\$ -0-	\$ 29,255

The District's construction project was completed during the year. This project included a partial renovation of the roof at the Lester C. Noecker Elementary School. At year end the District had no outstanding construction encumbrances.

ROSELAND BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$	115,388
General Administration		47,010
Unallocated		264,964
	<u>\$</u>	<u>427,362</u>

NOTE 7. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 6/30/2011	Accrued	Retired	Balance 6/30/2012	Amounts Due in a Year
Compensated Absences Payable	\$ 83,018	\$ 6,134	\$ 31,744	\$ 57,408	
Serial Bonds Payable	9,668,000		455,000	9,213,000	\$ 480,000
	<u>\$ 9,751,018</u>	<u>\$ 6,134</u>	<u>\$ 486,744</u>	<u>\$ 9,270,408</u>	<u>\$ 480,000</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The Debt Service Fund will be used to liquidate the serial bonds.

Principal and interest due on serial bonds outstanding are as follows:

<u>Year Ending June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 480,000	\$ 363,761	\$ 843,761
2014	496,000	343,857	839,857
2015	520,000	323,348	843,348
2016	550,000	301,948	851,948
2017	575,000	279,448	854,448
2018-2022	3,325,000	1,020,038	4,345,038
2023-2026	3,267,000	281,641	3,548,641
	<u>\$ 9,213,000</u>	<u>\$ 2,914,041</u>	<u>\$ 12,127,041</u>

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

(Continued)

NOTE 7. GENERAL LONG-TERM DEBT (Cont'd)

B. Bonds Authorized But Not Issued:

As of June 30, 2012, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

The District has no capital leases in effect during the year ended June 30, 2012.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded as a long-term liability. There is no current portion of the compensated absences balance of the governmental funds in the current year. The long-term liability balance of compensated absences is \$57,408. The General Fund will be used to liquidate compensated absences payable.

The liability for vested compensated balances of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the proprietary funds.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at a specified age or after 55 according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible service. Vesting occurs after 8 to 10 years of service.

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 obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS and TPAF went from 5.50% to 6.50% if employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

ROSELAND BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (Continued)

NOTE 8. PENSION PLANS (Cont'd)

District contributions to PERS amounted to \$85,111, \$84,336 and \$70,071 for the fiscal years ended June 30, 2012, 2011 and 2010 respectively.

During the fiscal years ended June 30, 2012, 2011 and 2010 the State of New Jersey contributed \$106,950, \$-0- and \$-0-, respectively, to the TPAF for pension benefits on-behalf of the District.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers Pensions and Annuity Fund (T.P.A.F.) and the Public Employees' Retirement System (P.E.R.S.), respectively, to fund post retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums 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 attributed 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 or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$214,998, \$237,058 and \$199,587 for 2012, 2011 and 2010 respectively.

NOTE 10. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

Commerce Bank/Legend	Equitable
Metropolitan Life Insurance Company	Valic

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

ROSELAND BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 11. RISK MANAGEMENT(Cont'd)

Property and Liability

The Roseland Board of Education is currently a member of the Morris Essex Insurance Group and the New Jersey School Boards Association Insurance Group (the "Groups"). The Groups provide its members with Workers' Compensation and Employer Liability Insurance. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Groups are risk-sharing public entity risk pools that are both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the Groups are elected. As members of the Groups, the Board of Education could be subject to supplemental assessments in the event of deficiencies. If the assets of the Groups were to be exhausted, members would become responsible for their respective shares of the Group's liabilities.

The Groups can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The June 30, 2012 financial information was not available as of the date of the audit. Selected financial information for the Groups as of June 30, 2011 is as follows:

	<u>New Jersey School Boards Association Insurance Group June 30, 2011</u>	<u>Morris Essex Insurance Group June 30, 2011</u>
Total Assets	\$ 253,890,161	\$ 7,361,713
Net Assets	\$ 62,802,257	\$ 3,049,206
Total Revenue	\$ 83,993,678	\$ 2,926,184
Total Expenses	\$ 79,175,491	\$ 1,765,941
Change in Net Assets	\$ 4,818,187	\$ 1,160,243
Net Assets Distribution to Participating Members	\$ -0-	\$ 592,294

Financial statements for the Fund are available at the Fund's Executive Director's Office:

Morris Essex Insurance Group

Burton Agency  
44 Bergen Street  
PO Box 270  
Westwood, NJ 07675  
(201)664-0310

New Jersey School Boards Association Insurance Group

450 Veterans Drive  
Burlington, NJ 08016  
(609) 386-6060  
www.njsbaig.org

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

(Continued)

NOTE 11. RISK MANAGEMENT(Cont'd)

New Jersey Unemployment Compensation Insurance

The Board of Education has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Board is required to remit the New Jersey Unemployment Trust Fund employee withholdings and employer share of contributions for future benefits to be paid to its former employees charged to its account with the State.

NOTE 12. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 13. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the municipality and are remitted to the local school district on predetermined, agreed-upon schedules.

NOTE 14. COMMITMENTS AND CONTINGENCIES

Grant Programs

The School District participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Encumbrances

At June 30, 2012, there were encumbrances as detailed below in the governmental funds.

General Fund	Total Governmental Funds
\$ 67,011	\$ 67,011

ROSELAND BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 14. COMMITMENTS AND CONTINGENCIES (Cont'd)

Litigation

The Board is periodically involved in pending lawsuits. The Board estimates that the potential claims against it resulting from such litigation and covered by insurance would not materially affect the financial statements of the Board.

NOTE 15. ACCOUNTS PAYABLE

At year end June 30, 2012, the Board has the following accounts payable in the governmental funds:

	Governmental Activities General Fund	Total Governmental Funds
Vendors	\$ 142,295	\$ 142,295
	\$ 142,295	\$ 142,295

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfunds payables or receivables on their various balance sheets as of June 30, 2012:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 112,520	
Special Revenue Fund		\$ 91,095
Capital Projects Fund		21,425
	\$ 112,520	\$ 112,520

The general fund is owed \$91,095 from the special revenue fund for funds forwarded to pay expenses and will be returned to general fund when grants receivable are collected. General fund is owed \$21,425 from the capital projects fund which was an advance to pay expenses.

BUDGETARY COMPARISON SCHEDULES

ROSELAND BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 6,729,364		\$ 6,729,364	\$ 6,729,364	
Interest Earned on Capital Reserve				33	\$ 33
Miscellaneous	108,500		108,500	128,812	20,312
Total - Local Sources	<u>6,837,864</u>		<u>6,837,864</u>	<u>6,858,209</u>	<u>20,345</u>
State Sources:					
Special Education Aid	138,740	\$ 75,373	214,113	214,113	
Extraordinary Aid	60,000		60,000	14,227	(45,773)
Anti-Bullying Aid				1,583	1,583
On-Behalf TPAF Pension Plans (Non-Budgeted)				106,950	106,950
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				214,998	214,998
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				264,468	264,468
Total State Sources	<u>198,740</u>	<u>75,373</u>	<u>274,113</u>	<u>816,339</u>	<u>542,226</u>
Federal Sources:					
Education Jobs Funds	14,575	457	15,032	15,032	
Total Federal Sources	<u>14,575</u>	<u>457</u>	<u>15,032</u>	<u>15,032</u>	
TOTAL REVENUES	<u>7,051,179</u>	<u>75,830</u>	<u>7,127,009</u>	<u>7,689,580</u>	<u>562,571</u>

ROSELAND BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)  
(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool	\$ 63,516	\$ 250	\$ 63,766	\$ 62,736	\$ 1,030
Kindergarten	198,816	2,235	201,051	201,051	
Grades 1-5	1,735,813	85,983	1,821,796	1,821,796	
Grades 6-8	292,898	(50,700)	242,198	241,923	275
Regular Programs - Home Instruction:					
Salaries of Teachers	800	5,165	5,965	5,965	
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	1,000	11,918	12,918	11,972	946
Other Objects		3,872	3,872	3,872	
General Supplies	23,537	24,275	47,812	47,078	734
Textbooks	10,771	11,265	22,036	22,036	
Unallocated Benefits		6,349	6,349	6,349	
Total Regular Programs	<u>2,327,151</u>	<u>100,612</u>	<u>2,427,763</u>	<u>2,424,778</u>	<u>2,985</u>
Special Education:					
Multiple Disabilities					
Salaries of Teachers	55,000	(55,000)			
General Supplies	500	(75)	425		425
Total Multiple Disabilities	<u>55,500</u>	<u>(55,075)</u>	<u>425</u>		<u>425</u>
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	223,539	104,059	327,598	327,598	
Other Salaries for Instruction	358,595	20,152	378,747	357,835	20,912
Other Purchased Services (400-500 series)		1,598	1,598	1,598	
General Supplies	1,000	5,898	6,898	6,783	115
Total Resource Room/Resource Center/Total Special Education	<u>583,134</u>	<u>131,707</u>	<u>714,841</u>	<u>693,814</u>	<u>21,027</u>

ROSELAND BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)  
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Basic Skills/Remedial:					
Salaries of Teachers	\$ 154,429		\$ 154,429	\$ 154,429	
General Supplies	2,797	\$ 184	2,981	2,922	\$ 59
Total Basic Skills/Remedial	<u>157,226</u>	<u>184</u>	<u>157,410</u>	<u>157,351</u>	<u>59</u>
School-Sponsored Co/Extra-Curr. Activities-Instruction					
Other Objects	<u>10,500</u>	<u>(2,382)</u>	<u>8,118</u>	<u>6,576</u>	<u>1,542</u>
Total School-Sponsored Co/Extra-Curr. Activities-Instruction	<u>10,500</u>	<u>(2,382)</u>	<u>8,118</u>	<u>6,576</u>	<u>1,542</u>
Other Instructional Programs - Instruction:					
Other Objects	18,290		18,290	16,607	1,683
General Supplies		95	95		95
Total Other Instructional Programs - Instruction:	<u>18,290</u>	<u>95</u>	<u>18,385</u>	<u>16,607</u>	<u>1,778</u>
Total Instruction	<u>3,151,801</u>	<u>175,141</u>	<u>3,326,942</u>	<u>3,299,126</u>	<u>27,816</u>

ROSELAND BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)  
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAS Within the State - Special	\$ 67,756	\$ 81,283	\$ 149,039	\$ 149,039	
Tuition to Private Schools for the Disabled - Within State	200,227	(192,947)	7,280	7,280	
Total Instruction	<u>267,983</u>	<u>(111,664)</u>	<u>156,319</u>	<u>156,319</u>	
Attendance and Social Work:					
Salaries	1,500		1,500	1,500	
Total Attendance and Social Work	<u>1,500</u>		<u>1,500</u>	<u>1,500</u>	
Health Services:					
Salaries	56,860	3,500	60,360	58,602	\$ 1,758
Purchased Professional and Technical Services	1,800		1,800	1,800	
Supplies and Materials	2,555		2,555	2,082	473
Total Health Services	<u>61,215</u>	<u>3,500</u>	<u>64,715</u>	<u>62,484</u>	<u>2,231</u>
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	151,954	12,961	164,915	164,915	
Purchased Professional - Educational Services	191,416	(73,418)	117,998	108,447	9,551
Supplies and Materials	900	1,485	2,385	2,360	25
Total Other Support Services - Speech, OT, PT and Related Services	<u>344,270</u>	<u>(58,972)</u>	<u>285,298</u>	<u>275,722</u>	<u>9,576</u>

ROSELAND BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)  
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Other Support Services - Guidance:					
Salaries of Other Professional Staff		\$ 35,000	\$ 35,000	\$ 26,705	\$ 8,295
Supplies and Materials		415	415	413	2
Total Other Support Services - Guidance		35,415	35,415	27,118	8,297
Other Support Services - Child Study Team:					
Salaries of Other Professional Staff	\$ 231,598	4,660	236,258	236,258	
Salaries of Secretarial and Other Clerical Assistants	25,663		25,663	25,658	5
Other Purchased Services		2,700	2,700	2,690	10
Supplies and Materials	2,400	2,658	5,058	5,057	1
Other Objects	1,175		1,175	950	225
Total Other Support Services - Child Study Team	260,836	10,018	270,854	270,613	241
Improvement of Instructional Services:					
Purchased Professional and Educational Services	5,000	7,829	12,829	12,829	
Total Improvement of Instructional Services	5,000	7,829	12,829	12,829	
Educational Media Services/School Library:					
Salaries	54,410	2,000	56,410	56,410	
Purchased Professional - Technical Services	53,340	2,904	56,244	51,894	4,350
Supplies and Materials	64,331	(2,500)	61,831	51,197	10,634
Total Educational Media Services/School Library	172,081	2,404	174,485	159,501	14,984

ROSELAND BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)  
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Purchased Professional and Educational Services		\$ 267	\$ 267		\$ 267
Other Purchased Professional - Technical Services		30,373	30,373		30,373
Total Instructional Staff Training Services		30,640	30,640		30,640
Support Services - General Administration:					
Salaries	\$ 164,663		164,663	\$ 164,658	5
Legal Services	20,000	2,415	22,415	22,415	
Other Purchased Professional Services	475		475		475
Audit Fees	31,900	320	32,220	15,950	16,270
Communications/Telephone	3,450	1,571	5,021	5,021	
Board of Education Other Purchased Services	1,750	(1,245)	505		505
Miscellaneous Purchased Services (400-500 series)	16,225	(4,751)	11,474	11,474	
General Supplies		815	815	815	
Board of Education Membership Dues and Fees	10,645	6,130	16,775	15,525	1,250
Total Support Services - General Administration	249,108	5,255	254,363	235,858	18,505
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	116,150		116,150	116,150	
Salaries of Other Professional Staff	31,476	570	32,046	32,046	
Salaries of Secretarial and Clerical Assistants	39,145	1,245	40,390	40,390	
Other Objects	1,500	1,186	2,686	2,686	
Total Support Services - School Administration	188,271	3,001	191,272	191,272	

ROSELAND BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)  
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Central Services:					
Salaries	\$ 136,006	\$ 4,732	\$ 140,738	\$ 123,410	\$ 17,328
Miscellaneous Purchased Services (400-500 series)		504	504	504	
General Supplies	2,777		2,777	1,963	814
Miscellaneous Expenditures	1,670	(100)	1,570	75	1,495
Total Central Services	<u>140,453</u>	<u>5,136</u>	<u>145,589</u>	<u>125,952</u>	<u>19,637</u>
Administrative Technology Services:					
Purchased Technical Services	45,722		45,722	45,600	122
Total Administrative Technology Services	<u>45,722</u>		<u>45,722</u>	<u>45,600</u>	<u>122</u>
Required Maintenance for School Facilities:					
Cleaning, Repair and Maintenance Services	58,871	12,970	71,841	66,826	5,015
General Supplies	16,525	(12,328)	4,197	329	3,868
Total Required Maintenance for School Facilities	<u>75,396</u>	<u>642</u>	<u>76,038</u>	<u>67,155</u>	<u>8,883</u>
Custodial Services:					
Salaries	238,170	16,066	254,236	239,213	15,023
Insurance	42,225	(155)	42,070	42,070	
General Supplies	15,660	14,758	30,418	30,418	
Energy (Oil)	800	614	1,414	618	796
Energy (Natural Gas)	70,000		70,000	32,123	37,877
Energy (Electricity)	130,000		130,000	114,623	15,377
Total Custodial Services	<u>496,855</u>	<u>31,283</u>	<u>528,138</u>	<u>459,065</u>	<u>69,073</u>

ROSELAND BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)  
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
Current Expense:					
Undistributed Expenditures:					
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	\$ 9,600	\$ (8,100)	\$ 1,500	\$ 585	\$ 915
General Supplies	3,200		3,200	1,291	1,909
Total Care and Upkeep of Grounds	<u>12,800</u>	<u>(8,100)</u>	<u>4,700</u>	<u>1,876</u>	<u>2,824</u>
Security:					
Cleaning, Repair, and Maintenance Services	7,200		7,200	6,024	1,176
Total Security	<u>7,200</u>		<u>7,200</u>	<u>6,024</u>	<u>1,176</u>
Student Transportation Services:					
Management Fcc- ESC & CTSA Transportation Program	6,181		6,181		6,181
Contracted Services - (Other than Between Home and School) - Vendors		358	358	358	
Contracted Services - (Regular Students) - Esc's & CTSA's	208,019	20,891	228,910	214,118	14,792
Contracted Services - (Special Ed Students) - Esc's & CTSA's	101,246	(40,350)	60,896	60,886	10
Total Student Transportation Services	<u>315,446</u>	<u>(19,101)</u>	<u>296,345</u>	<u>275,362</u>	<u>20,983</u>
Unallocated Benefits:					
Unemployment Compensation	16,000	603	16,603	16,603	
Workmen's Compensation	46,117	2,892	49,009	49,009	
Health Benefits	1,007,632	(42,395)	965,237	941,645	23,592
Tuition Reimbursement	12,000		12,000		12,000
Other Employee Benefits	48,550	208	48,758	48,758	
Social Security Contributions	56,200	16,463	72,663	72,663	
Other Retirement Contributions - PERS	91,167	(6,056)	85,111	85,111	
Total Unallocated Benefits	<u>1,277,666</u>	<u>(28,285)</u>	<u>1,249,381</u>	<u>1,213,789</u>	<u>35,592</u>

ROSELAND BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)  
(Continued)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
On-Behalf Contributions:					
On-Behalf TPAF Pension (Non-Budgeted)				\$ 106,950	\$ (106,950)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				214,998	(214,998)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				264,468	(264,468)
Total On-Behalf Contributions				<u>586,416</u>	<u>(586,416)</u>
Total Undistributed Expenditures	<u>\$ 3,921,802</u>	<u>\$ (90,999)</u>	<u>\$ 3,830,803</u>	<u>4,174,455</u>	<u>(343,652)</u>
Total Expenditures - Current Expense	<u>7,073,603</u>	<u>84,142</u>	<u>7,157,745</u>	<u>7,473,581</u>	<u>(315,836)</u>
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Support Services - Students Regular	6,000	(6,000)			
Administration Information Technology	2,000	3,785	5,785	5,785	
Instructional Equipment		8,131	8,131	8,131	
Non-Instructional Equipment	<u>45,241</u>	<u>11,195</u>	<u>56,436</u>	<u>56,436</u>	
Total Equipment	<u>53,241</u>	<u>17,111</u>	<u>70,352</u>	<u>70,352</u>	
Facilities Acquisition and Construction:					
Construction Services		30,106	30,106	30,106	
Other Objects	<u>19,109</u>		<u>19,109</u>	<u>19,109</u>	
Total Facilities Acquisition and Construction	<u>19,109</u>	<u>30,106</u>	<u>49,215</u>	<u>49,215</u>	
Total Capital Outlay	<u>72,350</u>	<u>47,217</u>	<u>119,567</u>	<u>119,567</u>	

ROSELAND BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)  
(Continued)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Current Expense:					
Special Schools:					
Summer School Instruction:					
Salaries of Teachers	\$ 25,000	\$ (1,000)	\$ 24,000	\$ 22,147	\$ 1,853
Other Salaries for Instruction	6,054	(95)	5,959	5,837	122
General Supplies	765	14	779	779	
Total Summer School Instruction/ Total Special Schools	<u>31,819</u>	<u>(1,081)</u>	<u>30,738</u>	<u>28,763</u>	<u>1,975</u>
Total Expenditures	<u>7,177,772</u>	<u>130,278</u>	<u>7,308,050</u>	<u>7,621,911</u>	<u>(313,861)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(126,593)</u>	<u>54,448</u>	<u>(181,041)</u>	<u>67,669</u>	<u>248,710</u>
Fund Balance, July 1	<u>689,964</u>		<u>689,964</u>	<u>689,964</u>	
Fund Balance, June 30	<u>\$ 563,371</u>	<u>\$ 54,448</u>	<u>\$ 508,923</u>	<u>\$ 757,633</u>	<u>\$ 248,710</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Capital Reserve				\$ 321,656	
Excess Surplus - Designated for Subsequent Years' Expenditures				118,966	
Assigned Fund Balance					
Year-end Encumbrances				67,011	
Unassigned Fund Balance				<u>250,000</u>	
				757,633	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not recognized on GAAP Basis				<u>(19,498)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 738,135</u>	

ROSELAND BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources	\$ 79,757	\$ 36,243	\$ 116,000	\$ 115,388	\$ (612)
Local Sources	6,500	42,358	48,858	25,379	(23,479)
<b>Total Revenues</b>	<u>86,257</u>	<u>78,601</u>	<u>164,858</u>	<u>140,767</u>	<u>(24,091)</u>
<b>EXPENDITURES:</b>					
Instruction					
Purchased Professional and Technical Services		24,000	24,000	1,329	22,671
General Supplies		12,358	12,358	11,550	808
Tuition	79,757	15,878	95,635	95,635	
<b>Total Instruction</b>	<u>79,757</u>	<u>52,236</u>	<u>131,993</u>	<u>108,514</u>	<u>23,479</u>
Support Services					
Purchased Professional - Educational Services	6,500	5,561	12,061	11,449	612
Purchased Professional - Technical Services		5,000	5,000	5,000	
Other Purchased Services		15,804	15,804	15,804	
<b>Total Support Services</b>	<u>6,500</u>	<u>26,365</u>	<u>32,865</u>	<u>32,253</u>	<u>612</u>
<b>Total Expenditures</b>	<u>86,257</u>	<u>78,601</u>	<u>164,858</u>	<u>140,767</u>	<u>24,091</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

ROSELAND BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 7,689,580	\$ 140,767
Difference - Budget to GAAP:		
Prior year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	3,231	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(19,498)	
	<u>\$ 7,673,313</u>	<u>\$ 140,767</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds		
	<u>\$ 7,673,313</u>	<u>\$ 140,767</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 7,621,911	\$ 140,767
	<u>\$ 7,621,911</u>	<u>\$ 140,767</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds		
	<u>\$ 7,621,911</u>	<u>\$ 140,767</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the school election on the fourth Wednesday in April, 2011. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current year. Since the State is recording the last state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	<u>IDEA Part B, Basic</u>	<u>IDEA Part B, Preschool</u>	<u>NJSBAIG Grant</u>	<u>HSA Grant</u>	<u>REF Grant</u>
REVENUE:					
Federal Sources	\$ 95,635	\$ 5,109			
Local Sources			\$ 5,000	\$ 16,879	\$ 3,500
Total Revenue	<u>95,635</u>	<u>5,109</u>	<u>5,000</u>	<u>16,879</u>	<u>3,500</u>
EXPENDITURES:					
Instruction:					
Purchased Professional and Technical Services					1,329
General Supplies				9,379	2,171
Tuition	95,635				
Total Instruction	<u>95,635</u>			<u>9,379</u>	<u>3,500</u>
Support Services:					
Purchased Professional - Educational Services		5,109			
Purchased Professional - Technical Services			5,000		
Other Purchased Services					
Field Trip Donations				7,500	
Total Support Services		<u>5,109</u>	<u>5,000</u>	<u>7,500</u>	
Total Expenditures	<u>\$ 95,635</u>	<u>\$ 5,109</u>	<u>\$ 5,000</u>	<u>\$ 16,879</u>	<u>\$ 3,500</u>

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

	<u>Title II Part A</u>	<u>Title II Part A Carryover</u>	<u>Totals June 30, 2012</u>
REVENUE:			
Federal Sources	\$ 6,340	\$ 8,304	\$ 115,388
Local Sources			25,379
	<hr/>	<hr/>	<hr/>
Total Revenue	6,340	8,304	140,767
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Instruction:			
Purchased Professional and Technical Services			1,329
General Supplies			11,550
Tuition			95,635
			<hr/>
Total Instruction			108,514
			<hr/>
Support Services:			
Purchased Professional - Educational Services	6,340		11,449
Purchased Professional - Technical Services			5,000
Other Purchased Services		8,304	8,304
Field Trip Donations			7,500
			<hr/>
Total Support Services	6,340	8,304	32,253
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 6,340	\$ 8,304	\$ 140,767
	<hr/>	<hr/>	<hr/>

CAPITAL PROJECTS FUND

Exhibit F-1

ROSELAND 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

Fund Balance - Beginning Balance	<u>\$ 19,008</u>
Fund Balance - Ending Balance	<u><u>\$ 19,008</u></u>
Recapitulation:	
Fund Balance Budgetary Basis	<u>\$ 19,008</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 19,008</u></u>

Exhibit F-1a

ROSELAND BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS  
BUDGETARY BASIS  
ADDITIONS AND RENOVATIONS TO LESTER C. NOECKER ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Total	Revised Authorized Cost
<b>Revenue and Other Financing Sources:</b>			
Bond Proceeds	\$ 10,917,000	\$ 10,917,000	\$ 10,917,000
State Sources - SDA Grant	2,909,717	2,909,717	2,909,748
Miscellaneous and Other Transfers In	5,375	5,375	5,375
	<u>13,832,092</u>	<u>13,832,092</u>	<u>13,832,123</u>
<b>Expenditures:</b>			
Other Purchased Professional Technical Services	1,581,662	1,581,662	1,582,034
Construction Services	12,247,632	12,247,632	12,250,089
	<u>13,829,294</u>	<u>13,829,294</u>	<u>13,832,123</u>
Excess/(Deficit) of Revenue and other financing Sources Over Expenditures	<u>\$ 2,798</u>	<u>\$ 2,798</u>	<u>\$ -0-</u>
<b>Additional Project Information:</b>			
Project Number	4530-020-04-1000		
Additions and Renovations to Lester C. Noecker School			
Grant Date	6/20/2005		
Bonds Authorized Date	2/1/2005		
Bonds Authorized	\$ 10,917,000		
Bonds Issued	10,917,000		
Original Authorized Cost	13,826,748		
Revised Authorized Cost	13,832,123		
<b>Percentage Decrease over Original</b>			
Authorized Cost	0.00%		
Percentage Completion	99.80%		
Target Completion Date	11/1/2007		
Revised Target Completion Date	9/1/2009		

Exhibit F-1b

ROSELAND BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS  
BUDGETARY BASIS  
LESTER C. NOECKER ELEMENTARY SCHOOL ROOF REPLACEMENT PROJECT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Total	Revised Authorized Cost
Revenue and Other Financing Sources:			
State Sources - SDA Grant	\$ 121,142	\$ 121,142	\$ 121,142
Transfer from Capital Reserve	203,268	203,268	203,268
	324,410	324,410	324,410
Expenditures:			
Other Purchased Professional Technical Services	15,756	15,756	16,585
Construction Services	290,542	290,542	290,542
Other Objects	1,902	1,902	17,283
	308,200	308,200	324,410
Excess/(Deficit) of Revenue and other financing Sources Over Expenditures	\$ 16,210	\$ 16,210	\$ -0-
Additional Project Information:			
Project Number	4530-020-09-1001		
Additions and Renovations to Lester C. Noecker School			
Grant Date	6/20/2005		
Original Authorized Cost	\$ 324,410		
Revised Authorized Cost	324,410		
Percentage Decrease over Original Authorized Cost	0.00%		
Percentage Completion	95.00%		
Target Completion Date	11/1/2007		
Revised Target Completion Date	9/1/2009		

PROPRIETARY FUNDS

Exhibit G-1

ROSELAND BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET ASSETS  
AS OF JUNE 30 2012

## ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 55,572
Accounts Receivable:	
State	95
Federal	961
Inventories	3,562
Total Current Assets	<u>60,190</u>

## Non-Current Assets:

Capital Assets	86,204
Less: Accumulated Depreciation	<u>(56,949)</u>
Total Non-Current Assets	<u>29,255</u>

Total Assets	<u>89,445</u>
--------------	---------------

## LIABILITIES:

## Current Liabilities:

Deferred Revenue	<u>1,292</u>
------------------	--------------

Total Liabilities	<u>1,292</u>
-------------------	--------------

## NET ASSETS:

Investment in Capital Assets Net of Related Debt	29,255
Unrestricted	<u>58,898</u>

Total Net Assets	<u>\$ 88,153</u>
------------------	------------------

Exhibit G-2

ROSELAND BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30 2012

Operating Revenue:	
Charges for Services:	
Daily Sales- Reimbursable Programs	\$ 85,816
Daily Sales- Non-Reimbursable Programs	23,561
Daily Sales- Credit Card Sales	<u>13,236</u>
Total Operating Revenue	<u>122,613</u>
Operating Expenses:	
Cost of Sales	70,773
Salaries and Payroll Taxes	43,628
Employee Benefits	6,459
Supplies and Materials	17,379
Administration Expense	1,924
Management Fee	8,686
Depreciation Expense	<u>2,624</u>
Total Operating Expenses	<u>151,473</u>
Operating (Loss)	(28,860)
Non-Operating Revenue:	
Local Sources:	
Interest Revenue	81
State Sources:	
School Lunch Program	1,566
Federal Sources:	
National School Lunch Program	15,377
Food Distribution Program	<u>10,062</u>
Total Non-Operating Revenue	<u>27,086</u>
Change in Net Assets	(1,774)
Net Assets - Beginning of Year	<u>89,927</u>
Net Assets - End of Year	<u><u>\$ 88,153</u></u>

Exhibit G-3

ROSELAND BOARD OF EDUCATION  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30 2012

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 122,613
Payments to Employees	(43,628)
Payments for Benefits	(6,459)
Payments to Suppliers	<u>(88,287)</u>
Net Cash (Used for) Operating Activities	<u>(15,761)</u>
Cash Flows from Investing Activities:	
Interest Revenue	<u>81</u>
Net Cash Provided by Investing Activities	<u>81</u>
Cash Flows Used by Capital and Related Financing Activities:	
Purchase of Capital Assets	<u>(12,596)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(12,596)</u>
Cash Flows from Noncapital Financing Activities:	
Federal Sources	15,623
State Sources	<u>1,620</u>
Net Cash Provided by Noncapital Financing Activities	<u>17,243</u>
Net Increase in Cash and Cash Equivalents	(11,033)
Cash and Cash Equivalents, July 1	<u>66,605</u>
Cash and Cash Equivalents, June 31	<u>\$ 55,572</u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:	
Operating (Loss)	\$ (28,860)
Adjustment to Reconcile Operating (Loss) to Cash (Used for) Operating Activities:	
Federal Food Distribution Program	10,062
Depreciation Expense	2,624
Changes in Assets and Liabilities:	
(Increase)/Decrease in Inventories	(160)
Increase /(Decrease) in Deferred Revenue	<u>573</u>
Net Cash (Used for) Operating Activities	<u>\$ (15,761)</u>

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. donated commodities through the Food Distribution Program valued at \$11,214 and utilized commodities valued at \$10,062.

FIDUCIARY FUNDS

Exhibit H-1

ROSELAND BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2012

	Agency		Totals
	Payroll	Student Activities	
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 34,167	\$ 18,448	\$ 52,615
Total Assets	34,167	18,448	52,615
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	34,167		34,167
Due to Student Groups		18,448	18,448
Total Liabilities	\$ 34,167	\$ 18,448	\$ 52,615

Exhibit H-2

ROSELAND BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOT APPLICABLE

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

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 12,890	\$ 18,768	\$ 13,210	\$ 18,448
Total Assets	<u>\$ 12,890</u>	<u>\$ 18,768</u>	<u>\$ 13,210</u>	<u>\$ 18,448</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 12,890	\$ 18,768	\$ 13,210	\$ 18,448
Total Liabilities	<u>\$ 12,890</u>	<u>\$ 18,768</u>	<u>\$ 13,210</u>	<u>\$ 18,448</u>

ROSELAND BOARD OF EDUCATION  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS BY SCHOOL  
STUDENT ACTIVITY AGENCY FUND  
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>
SCHOOLS:				
Lester C. Noecker School	\$ 12,890	\$ 18,768	\$ 13,210	\$ 18,448
	<u>\$ 12,890</u>	<u>\$ 18,768</u>	<u>\$ 13,210</u>	<u>\$ 18,448</u>

Exhibit H-5

ROSELAND 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>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	<u>\$ 29,926</u>	<u>\$ 2,123,881</u>	<u>\$ 2,119,640</u>	<u>\$ 34,167</u>
Total Assets	<u><u>\$ 29,926</u></u>	<u><u>\$ 2,123,881</u></u>	<u><u>\$ 2,119,640</u></u>	<u><u>\$ 34,167</u></u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	<u>\$ 29,926</u>	<u>\$ 2,123,881</u>	<u>\$ 2,119,640</u>	<u>\$ 34,167</u>
Total Liabilities	<u><u>\$ 29,926</u></u>	<u><u>\$ 2,123,881</u></u>	<u><u>\$ 2,119,640</u></u>	<u><u>\$ 34,167</u></u>

LONG-TERM DEBT

ROSELAND BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance June 30, 2011	Matured	Balance June 30, 2012
			Date	Amount				
Construction of Wing to Existing School Building	11/1/1998	\$ 1,496,000	11/1/2012	\$ 130,000	4.300%	\$ 381,000	\$ 125,000	\$ 256,000
			11/1/2013	126,000	4.300%			
Renovations and Additions to the Lester C. Noecker Elementary School	2/15/2005	10,917,000	9/1/2012	350,000	4.000%	9,287,000	330,000	8,957,000
			9/1/2013	370,000	4.000%			
			9/1/2014	520,000	4.000%			
			9/1/2015	550,000	4.000%			
			9/1/2016	575,000	4.000%			
			9/1/2017	605,000	4.000%			
			9/1/2018	630,000	4.000%			
			9/1/2019	660,000	4.000%			
			9/1/2020	700,000	4.000%			
			9/1/2021	730,000	4.000%			
			9/1/2022	765,000	4.000%			
			9/1/2023	795,000	4.000%			
			9/1/2024	830,000	4.250%			
9/1/2025	877,000	4.250%						
						\$ 9,668,000	\$ 455,000	\$ 9,213,000

Exhibit I-2

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

NOT APPLICABLE

ROSELAND BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUE:					
Local Sources:					
Local Tax Levy	\$ 805,218		\$ 805,218	\$ 805,218	
State Sources:					
Debt Service State Aid Support	32,625		32,625	32,625	
Total Revenue	<u>837,843</u>		<u>837,843</u>	<u>837,843</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	382,843		382,843	382,843	
Redemption of Principal	455,000		455,000	455,000	
Total Regular Debt Service	<u>837,843</u>		<u>837,843</u>	<u>837,843</u>	
Total Expenditures	<u>837,843</u>		<u>837,843</u>	<u>837,843</u>	
Fund Balance, July 1					
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**STATISTICAL SECTION**  
**(UNAUDITED)**

This part of the District'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 District's overall financial health.

**Contents**

	<b><u>Exhibit</u></b>
<p><b>Financial Trends</b></p> <p>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p><b>Revenue Capacity</b></p> <p>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.</p>	J-6 thru J-9
<p><b>Debt Capacity</b></p> <p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</p>	J-10 thru J-13
<p><b>Demographic and Economic Information</b></p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p><b>Operating Information</b></p> <p>These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.</p>	J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

ROSELAND BOARD OF EDUCATION  
NET ASSETS BY COMPONENT,  
LAST EIGHT FISCAL YEARS  
UNAUDITED  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Activities</b>								
Invested in Capital Assets, Net of Related Debt	\$ 1,127,474	\$ 659,351	\$ 656,410	\$ 3,591,016	\$ 4,198,980	\$ 3,979,285	\$ 3,984,678	\$ 4,112,774
Restricted	875,208	1,135,276	1,561,829	1,350,332	405,743	302,609	442,378	459,630
Unrestricted (Deficit)	60,401	(202,080)	320,596	163,881	111,700	72,666	180,345	240,105
<b>Total Governmental Activities Net Assets</b>	<u>\$ 2,063,083</u>	<u>\$ 1,592,547</u>	<u>\$ 2,538,835</u>	<u>\$ 5,105,229</u>	<u>\$ 4,716,423</u>	<u>\$ 4,354,560</u>	<u>\$ 4,607,401</u>	<u>\$ 4,812,509</u>
<b>Business-Type Activities</b>								
Invested in Capital Assets, Net of Related Debt	\$ 13,317	\$ 14,458	\$ 29,409	\$ 27,307	\$ 24,685	\$ 21,907	\$ 19,283	\$ 29,255
Unrestricted	6,546	35,092	30,509	44,267	58,737	64,655	70,644	58,898
<b>Total Business-Type Activities Net Assets</b>	<u>\$ 19,863</u>	<u>\$ 49,550</u>	<u>\$ 59,918</u>	<u>\$ 71,574</u>	<u>\$ 83,422</u>	<u>\$ 86,562</u>	<u>\$ 89,927</u>	<u>\$ 88,153</u>
<b>District-Wide</b>								
Invested in Capital Assets, Net of Related Debt	\$ 1,140,791	\$ 673,809	\$ 685,819	\$ 3,618,323	\$ 4,223,665	\$ 4,001,192	\$ 4,003,961	\$ 4,142,029
Restricted	875,208	1,135,276	1,561,829	1,350,332	405,743	302,609	442,378	459,630
Unrestricted/(Deficit)	66,947	(166,988)	351,105	208,148	170,437	137,321	250,989	299,003
<b>Total District-Wide Net Assets</b>	<u>\$ 2,082,946</u>	<u>\$ 1,642,097</u>	<u>\$ 2,598,753</u>	<u>\$ 5,176,803</u>	<u>\$ 4,799,845</u>	<u>\$ 4,441,122</u>	<u>\$ 4,697,328</u>	<u>\$ 4,900,662</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

ROSELAND BOARD OF EDUCATION  
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS  
UNAUDITED  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>								
<b>Governmental activities</b>								
<b>Instruction:</b>								
Regular	\$ 2,244,916	\$ 2,969,832	\$ 3,221,997	\$ 3,296,490	\$ 3,540,902	\$ 3,737,861	\$ 3,459,077	\$ 3,579,163
Special Education	315,446	492,999	593,681	716,488	806,762	910,127	801,128	848,333
Other Special Education	112,554	144,834	155,796	167,512	173,873	228,410	87,134	247,977
Other Instruction		13,698	16,708	18,025	17,735			
<b>Support Services:</b>								
Tuition	369,066	352,237	291,211	432,696	445,137	361,811	280,060	251,954
Student & Instruction Related Services	471,501	717,186	755,704	891,640	844,107	920,256	934,974	1,058,066
General and Business Administrative Services	271,477	358,801	399,476	411,780	375,469	355,191	359,023	354,778
School Administrative Services	296,790	236,527	241,294	247,359	257,371	251,394	259,775	261,792
Central Services		121,319	134,649	141,470	183,062	210,914	208,339	179,848
Administrative Technology Services					9,426	20,679	28,275	45,600
Plant Operations And Maintenance	334,696	525,368	640,484	711,679	769,094	621,677	654,277	638,591
Pupil Transportation	310,604	284,273	315,245	358,780	357,777	341,873	323,439	275,362
Business and Other Support Services	1,129,637							
Capital Outlay							39,685	19,109
Special Schools	36,290	34,304		832	27,521	25,092	36,196	38,435
Interest On Long-Term Debt	46,268	498,636	465,446	450,438	434,715	418,278	401,018	382,843
Unallocated Depreciation	67,096	50,181	57,379	163,324	265,832	264,997	264,964	264,964
<b>Total Governmental Activities Expenses</b>	<b>\$ 6,006,341</b>	<b>\$ 6,800,195</b>	<b>\$ 7,289,070</b>	<b>\$ 8,008,513</b>	<b>\$ 8,508,783</b>	<b>\$ 8,668,560</b>	<b>\$ 8,137,364</b>	<b>\$ 8,446,815</b>
<b>Business-Type Activities:</b>								
Food Service	131,949	110,906	129,882	136,512	139,521	146,681	141,928	151,473
<b>Total Business-Type Activities Expenses</b>	<b>131,949</b>	<b>110,906</b>	<b>129,882</b>	<b>136,512</b>	<b>139,521</b>	<b>146,681</b>	<b>141,928</b>	<b>151,473</b>
<b>Total District Expenses</b>	<b>\$ 6,138,290</b>	<b>\$ 6,911,101</b>	<b>\$ 7,418,952</b>	<b>\$ 8,145,025</b>	<b>\$ 8,648,304</b>	<b>\$ 8,815,241</b>	<b>\$ 8,279,292</b>	<b>\$ 8,598,288</b>
<b>Program Revenues</b>								
<b>Governmental Activities:</b>								
Operating Grants and Contributions	986,407	1,000,828	1,178,214	1,205,769	1,103,077	1,181,460	791,302	955,871
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 986,407</b>	<b>\$ 1,000,828</b>	<b>\$ 1,178,214</b>	<b>\$ 1,205,769</b>	<b>\$ 1,103,077</b>	<b>\$ 1,181,460</b>	<b>\$ 791,302</b>	<b>\$ 955,871</b>

ROSELAND BOARD OF EDUCATION  
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS  
UNAUDITED  
*(accrual basis of accounting)*  
(Continued)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Business-Type Activities:								
Charges For Services								
Food Service	\$ 122,712	\$ 124,381	\$ 121,346	\$ 126,512	\$ 130,307	\$ 126,507	\$ 123,272	\$ 122,613
Operating Grants and Contributions	15,018	15,702	17,612	20,773	20,918	23,402	21,869	27,005
Total Business Type Activities Program Revenues	<u>137,730</u>	<u>140,083</u>	<u>138,958</u>	<u>147,285</u>	<u>151,225</u>	<u>149,909</u>	<u>145,141</u>	<u>149,618</u>
Total District Program Revenues	<u>\$ 1,124,137</u>	<u>\$ 1,140,911</u>	<u>\$ 1,317,172</u>	<u>\$ 1,353,054</u>	<u>\$ 1,254,302</u>	<u>\$ 1,331,369</u>	<u>\$ 936,443</u>	<u>\$ 1,105,489</u>
Net (Expenses)/Revenue								
Governmental Activities	\$ (5,019,934)	\$ (5,799,367)	\$ (6,110,856)	\$ (6,802,744)	\$ (7,405,706)	\$ (7,487,100)	\$ (7,346,062)	\$ (7,490,944)
Business-Type Activities	5,781	29,177	(8,715)	10,773	11,704	3,228	3,213	(1,855)
Total District-Wide Net Expense	<u>\$ (5,014,153)</u>	<u>\$ (5,770,190)</u>	<u>\$ (6,119,571)</u>	<u>\$ (6,791,971)</u>	<u>\$ (7,394,002)</u>	<u>\$ (7,483,872)</u>	<u>\$ (7,342,849)</u>	<u>\$ (7,492,799)</u>
General Revenues and Other Changes in Net Assets:								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	\$ 4,946,346	\$ 5,217,324	\$ 5,648,808	\$ 5,558,452	\$ 6,107,413	\$ 6,598,522	\$ 6,597,416	\$ 6,729,364
Taxes Levied for Debt Service	98,557	765,642	787,229	787,056	791,230	789,747	802,127	805,218
Federal and State Aid not Restricted		343,516	38,217	2,511,647	38,486	252,958	71,542	32,625
Tuition	37,839							
Investment Earnings	487	3,052	11,216	7,032	888	11	56	33
Miscellaneous Income	135,371	372,613	571,674	128,306	78,883	110,548	127,762	128,812
Extraordinary Item: Adjustment- to Fixed Assets per Appraisal Company Report		(1,373,316)		376,645		(626,549)		
Total Governmental Activities	<u>5,218,600</u>	<u>5,328,831</u>	<u>7,057,144</u>	<u>9,369,138</u>	<u>7,016,900</u>	<u>7,125,237</u>	<u>7,598,903</u>	<u>7,696,052</u>
Business-Type Activities:								
Investment Earnings	230	510	1,471	883	144	66	152	81
Extraordinary Item: Adjustment- to Fixed Assets per Appraisal Company Report						(154)		
Total Business-Type Activities	<u>230</u>	<u>510</u>	<u>1,471</u>	<u>883</u>	<u>144</u>	<u>(88)</u>	<u>152</u>	<u>81</u>
Total District-Wide	<u>\$ 5,218,830</u>	<u>\$ 5,329,341</u>	<u>\$ 7,058,615</u>	<u>\$ 9,370,021</u>	<u>\$ 7,017,044</u>	<u>\$ 7,125,149</u>	<u>\$ 7,599,055</u>	<u>\$ 7,696,133</u>
Change in Net Assets:								
Governmental Activities	\$ 198,666	\$ (470,536)	\$ 946,288	\$ 2,566,394	\$ (388,806)	\$ (361,863)	\$ 252,841	\$ 205,108
Business-Type Activities	6,011	29,687	(7,244)	11,656	11,848	3,140	3,365	(1,774)
Total District	<u>\$ 204,677</u>	<u>\$ (440,849)</u>	<u>\$ 939,044</u>	<u>\$ 2,578,050</u>	<u>\$ (376,958)</u>	<u>\$ (358,723)</u>	<u>\$ 256,206</u>	<u>\$ 203,334</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

ROSELAND BOARD OF EDUCATION  
FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST EIGHT FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
General Fund								
Reserved	\$ 875,189	\$ 1,164,836	\$ 1,636,245	\$ 1,042,401	\$ 291,348	\$ 129,766		
Unreserved	155,174	280,179	418,671	266,087	383,517	375,066		
Restricted							\$ 296,777	\$ 440,622
Assigned							126,593	67,011
Unassigned							263,363	230,502
<b>Total General Fund</b>	<b>\$ 1,030,363</b>	<b>\$ 1,445,015</b>	<b>\$ 2,054,916</b>	<b>\$ 1,308,488</b>	<b>\$ 674,865</b>	<b>\$ 504,832</b>	<b>\$ 686,733</b>	<b>\$ 738,135</b>
All Other Governmental Funds								
Reserved								
Capital Projects Fund			\$ 7,917,558	\$ 437,224	\$ 110,363	\$ 2,829		
Unreserved, Reported In:								
Capital Projects Fund/(Deficit)	\$ 10,384,374	\$ 10,330,132	(2,022,270)	(129,293)	(130,968)	(21,455)		
Debt Service Fund	1	1	1		1	1		
Restricted							\$ 19,008	\$ 19,008
<b>Total All Other Governmental Funds</b>	<b>\$ 10,384,375</b>	<b>\$ 10,330,133</b>	<b>\$ 5,895,289</b>	<b>\$ 307,931</b>	<b>\$ (20,604)</b>	<b>\$ (18,625)</b>	<b>\$ 19,008</b>	<b>\$ 19,008</b>
Total Governmental Funds:								
Reserved	\$ 875,189	\$ 1,164,836	\$ 9,553,803	\$ 1,479,625	\$ 401,711	\$ 132,595		
Unreserved/(Deficit)	10,539,548	10,610,312	(1,603,599)	136,794	252,550	353,612		
Restricted							\$ 315,785	\$ 459,630
Assigned							126,593	67,011
Unassigned							263,363	230,502
<b>Total Governmental Funds:</b>	<b>\$ 11,414,737</b>	<b>\$ 11,775,148</b>	<b>\$ 7,950,204</b>	<b>\$ 1,616,419</b>	<b>\$ 654,261</b>	<b>\$ 486,207</b>	<b>\$ 705,741</b>	<b>\$ 757,143</b>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

ROSELAND BOARD OF EDUCATION  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST EIGHT FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*  
*(Continued)*

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>								
Tax Levy	\$ 5,044,903	\$ 5,982,966	\$ 6,436,037	\$ 6,345,508	\$ 6,898,643	\$ 7,388,269	\$ 7,399,543	\$ 7,534,582
Tuition Charges	37,839	31,705						
Interest Earnings-Capital Reserve	487	3,052	11,216	7,032	888	11	56	33
Miscellaneous	135,371	340,908	571,674	128,306	78,883	110,548	136,197	154,191
State Sources	902,421	1,255,902	1,113,127	3,617,040	1,036,000	1,222,741	754,713	832,697
Federal Sources	83,986	88,442	103,304	100,376	105,563	211,677	99,696	130,420
<b>Total Revenue</b>	<b>6,205,007</b>	<b>7,702,975</b>	<b>8,235,358</b>	<b>10,198,262</b>	<b>8,119,977</b>	<b>8,933,246</b>	<b>8,390,205</b>	<b>8,651,923</b>
<b>Expenditures</b>								
<b>Instruction</b>								
Regular Instruction	2,108,692	2,170,031	2,333,359	2,293,391	2,491,817	2,613,704	2,402,786	2,458,461
Special Education Instruction	315,446	328,371	392,885	499,866	593,620	645,985	702,138	705,263
Other Instruction	112,554	117,438	122,381	131,463	138,403	164,957	28,430	180,534
<b>Support Services:</b>								
Tuition	369,066	352,237	291,211	432,696	445,137	361,811	280,060	251,954
Student & Instruction Related Services	471,501	550,815	552,782	672,724	628,708	736,472	723,225	809,767
General Administrative Services		291,186	305,625	293,375	237,349	232,226	245,580	235,858
School Administrative Services	296,790	224,992	226,340	231,471	239,510	176,193	184,447	191,272
Central Services	271,477	89,315	95,010	98,988	141,627	149,524	149,208	125,952
Administrative Technology Services					9,426	20,679	28,275	45,600
Plant Operations And Maintenance	334,696	464,653	565,473	631,028	687,532	539,367	558,754	534,120
Pupil Transportation	310,604	284,272	315,245	358,781	357,777	341,873	323,439	275,362
Unallocated Benefits	1,035,418	1,245,294	1,518,877	1,638,591	1,612,268	1,840,870	1,641,240	1,800,205
Special Schools	36,290							
<b>Debt service:</b>								
Principal	90,000	305,000	360,000	375,000	395,000	410,000	435,000	455,000
Interest And Other Charges	46,268	498,636	465,446	450,438	434,715	418,278	401,018	382,843
Capital Outlay	631,251	386,021	4,515,667	8,423,404	641,725	424,269	39,685	119,567
Special Schools		34,304		832	27,521	25,092	27,386	28,763
<b>Total Expenditures</b>	<b>6,430,053</b>	<b>7,342,565</b>	<b>12,060,301</b>	<b>16,532,048</b>	<b>9,082,135</b>	<b>9,101,300</b>	<b>8,170,671</b>	<b>8,600,521</b>
<b>Excess (Deficiency) Of Revenues</b>								
Over (Under) Expenditures	(225,046)	360,410	(3,824,943)	(6,333,786)	(962,158)	(168,054)	219,534	51,402

ROSELAND BOARD OF EDUCATION  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST EIGHT FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*  
*(Continued)*

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Net Change In Fund Balances	\$ (225,046)	\$ 360,410	\$ (3,824,943)	\$ (6,333,786)	\$ (962,158)	\$ (168,054)	\$ 219,534	\$ 51,402
Debt Service As A Percentage Of Noncapital Expenditures	11.72%	11.55%	10.94%	10.18%	9.83%	10.55%	11.46%	9.88%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

Exhibit J-5

ROSELAND BOARD OF EDUCATION  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

Fiscal Year Ended June 30,	Interest on Investments	Tuition	Prior Year Refunds	Other	Total
2003	\$ 5,403	\$ 31,565		\$ 711	\$ 37,679
2004	6,923	29,648	\$ 17,271	4,665	58,507
2005	132,308	37,839	233	3,317	173,697
2006	339,325	31,705		4,635	375,665
2007	571,440			234	571,674
2008	124,858			3,448	128,306
2009	7,584	63,275		8,912	79,771
2010	1,082	90,132		19,345	110,559
2011	3,141	80,650		43,971	127,762
2012	1,633	99,401		27,778	128,812

Source: Roseland Board of Education records

ROSELAND BOARD OF EDUCATION  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST EIGHT YEARS  
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities *	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2004	\$ 3,984,400	\$ 117,330,441	\$ 3,500	\$ 126,718,400	\$ 13,068,800	\$ 7,616,900	\$ 268,722,441	\$ 16,259,700	\$ 380,656	\$ 268,722,441	\$ 3.90	\$ 1,331,560,073
2005	3,827,800	120,485,141	3,500	118,630,900	12,819,900	7,616,900	263,384,141	16,259,700	346,387	263,384,141	4.49	1,384,130,905
2006	2,937,700	124,367,441	3,500	106,823,800	13,241,600	7,616,900	254,990,941	16,259,700	248,124	262,744,241	5.06	1,748,006,935
2007	1,714,600	128,712,141	3,500	108,117,400	13,509,200	7,616,900	259,673,741	16,203,400	223,805	259,673,741	5.31	1,985,595,895
2008	1,670,300	130,740,741	3,500	87,252,700	12,437,700	7,316,900	239,421,841	16,203,400	228,176	239,650,017	5.85	1,848,524,833
2009	* 1,545,600	131,487,941	3,500	84,649,300	12,191,000	7,316,900	237,194,241	16,453,900	216,557	237,410,798	6.20	2,015,579,267
2010	* 21,591,600	987,424,646	4,600	666,755,200	85,871,000	53,906,200	1,815,553,246	51,103,780	1,913,146	1,817,466,392	0.84	1,980,725,360
2011	20,823,300	984,274,052	6,400	659,768,900	85,545,200	53,906,200	1,804,324,052	51,172,780	1,741,868	1,806,065,920	0.86	1,806,358,981

\* 2010 was a Revaluation year

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

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

Year Ended December 31,	Roseland Board of Education Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of Roseland	Essex County	
2002	\$ 3.30	\$ 0.11	\$ 3.41	\$ 2.88	\$ 2.63	\$ 8.92
2003	3.56	0.08	3.64	2.97	2.74	9.35
2004	3.82	0.08	3.90	3.01	2.59	9.50
2005	4.40	0.09	4.49	3.12	2.52	10.13
2006	4.44	0.62	5.06	3.12	2.23	10.41
2007	4.65	0.66	5.31	3.12	3.00	11.43
2008	5.18	0.67	5.85	3.21	3.02	12.08
2009	5.54	0.66	6.20	3.40	3.22	12.82
2010	* 0.75	0.09	0.84	0.56	0.44	1.83
2011	0.77	0.09	0.86	0.58	0.43	1.87

\* 2010 was a Revaluation year

Source: Municipal Tax Collector and School Business Administrator

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

ROSELAND BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

2012			2003		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Prudential Financial - 80 Livingston	\$ 89,038,300	4.93%	N/A	N/A	N/A
Organon International	80,300,000	4.45%	N/A	N/A	N/A
ADP Incorporated	62,888,500	3.48%	N/A	N/A	N/A
Prudential Financial - 55 Livingston	58,048,800	3.22%	N/A	N/A	N/A
Segal Development	53,906,200	2.99%	N/A	N/A	N/A
Mack-Cali Realty Corp - 4 Beckham	42,781,900	2.37%	N/A	N/A	N/A
Mack-Cali Realty Corp - 101 Eisenhower	36,072,600	2.00%	N/A	N/A	N/A
Mack-Cali Realty Corp - 105 Eisenhower	33,130,000	1.84%	N/A	N/A	N/A
Mack-Cali Realty Corp - 103 Eisenhower	23,893,200	1.23%	N/A	N/A	N/A
Mack-Cali Realty Corp - 85 Livingston	18,786,100	1.04%	N/A	N/A	N/A
<b>Total</b>	<b>\$ 498,845,600</b>	<b>27.55%</b>		<b>\$ -</b>	<b>0.00%</b>

N/A - Information not available  
 Source: Municipal Tax Assessor

Exhibit J-9

ROSELAND BOARD OF EDUCATION  
PROPERTY TAX LEVIES AND COLLECTIONS,  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy<sup>a</sup></u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2003	\$ 4,216,466	\$ 4,216,466	100.00%	-0-
2004	4,404,099	4,404,099	100.00%	-0-
2005	4,946,346	4,946,346	100.00%	-0-
2006	5,217,324	5,217,324	100.00%	-0-
2007	6,436,037	6,436,037	100.00%	-0-
2008	6,345,508	6,345,508	100.00%	-0-
2009	6,898,643	6,898,643	100.00%	-0-
2010	7,388,269	7,388,269	100.00%	-0-
2011	7,399,543	7,399,543	100.00%	-0-
2012	7,534,582	7,534,582	100.00%	-0-

Source: Roseland Board of Education records including the Certificate and Report of School Taxes (A4F form)

- a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school District the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Exhibit J-10

ROSELAND BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds				
2003	\$	1,206,000	\$ 1,206,000	0.59%	229
2004		1,121,000	1,121,000	0.51%	213
2005		11,948,000	11,948,000	5.20%	2,249
2006		11,643,000	11,643,000	4.65%	2,198
2007		11,283,000	11,283,000	4.27%	2,128
2008		10,908,000	10,908,000	3.97%	2,051
2009		10,513,000	10,513,000	4.02%	1,965
2010		10,103,000	10,103,000	3.42%	1,736
2011		9,668,000	9,668,000	3.27%	1,659
2012		9,213,000	9,213,000	3.11%	1,581

Source: School District Financial Reports

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements

- a See Exhibit J-14 for personal income and population data.  
 These ratios are calculated using personal income and population  
 for the prior calendar year.

Exhibit J-11

ROSELAND BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Percentage of Actual Taxable Net Valuation <sup>a</sup>  Taxable	Per Capita <sup>b</sup>
	General Obligation Bonds	Net General Bonded Debt Outstanding		
2003	\$ 1,206,000	\$ 1,206,000	0.45%	\$ 228
2004	1,121,000	1,121,000	0.41%	212
2005	11,948,000	11,948,000	4.45%	2,212
2006	11,643,000	11,643,000	4.42%	2,155
2007	11,283,000	11,283,000	4.29%	2,128
2008	10,908,000	10,908,000	4.20%	2,051
2009	10,513,000	10,513,000	4.39%	1,965
2010	10,103,000	10,103,000	4.26%	1,736
2011	9,668,000	9,668,000	0.53% *	1,659
2012	9,213,000	9,213,000	0.51%	1,581

\* - Revaluation year

Source: School District Financial Reports

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

ROSELAND BOARD OF EDUCATION  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
UNAUDITED  
AS OF DECEMBER 31, 2011

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable <sup>a</sup></u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Debt Repaid With Property Taxes:			
Borough of Roseland	\$ 8,462,548	100.00%	\$ 8,462,548
Essex County General Obligation Debt (Borough Share)	322,424,236	1.98%	6,380,199
Subtotal, Overlapping Debt			14,842,747
Roseland School District Direct Debt			9,213,000
Total Direct And Overlapping Debt			\$ 24,055,747

Sources: Assessed value data used to estimate applicable percentages provided by the Essex County Board of Taxation; debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Roseland. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

ROSELAND BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION,  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2012

	Equalized valuation basis	
	2011	\$ 1,965,922,916
	2010	1,806,161,208
	2009	1,953,824,061
		<u>\$ 5,725,908,185</u>
	Average Equalized Valuation of Taxable Property	\$ 1,908,636,062
	Debt Limit (2.5% of average equalization value)	47,715,902 <sup>a</sup>
	Net Bonded School Debt	<u>9,213,000</u>
	Legal Debt Margin	<u>\$ 38,502,902</u>

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt Limit	\$ 28,749,730	\$ 30,073,385	\$ 36,122,909	\$ 40,957,947	\$ 46,241,303
Total Net Debt Applicable to Limit	<u>1,206,000</u>	<u>1,121,000</u>	<u>11,948,000</u>	<u>11,643,000</u>	<u>11,283,000</u>
Legal Debt Margin	<u>\$ 27,543,730</u>	<u>\$ 28,952,385</u>	<u>\$ 24,174,909</u>	<u>\$ 29,314,947</u>	<u>\$ 34,958,303</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	4.19%	3.73%	33.08%	28.43%	24.40%

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt Limit	\$ 47,738,382	\$ 49,632,012	\$ 49,754,739	\$ 48,198,654	47,715,902
Total Net Debt Applicable to Limit	<u>10,908,000</u>	<u>10,513,000</u>	<u>10,103,000</u>	<u>9,668,000</u>	<u>9,213,000</u>
Legal Debt Margin	<u>\$ 36,830,382</u>	<u>\$ 39,119,012</u>	<u>\$ 39,651,739</u>	<u>\$ 38,530,654</u>	<u>\$ 38,502,902</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	22.85%	21.18%	20.31%	20.06%	19.31%

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 6 district; other % limits would be applicable for other districts

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,  
Department of Treasury, Division of Taxation

Exhibit J-14

ROSELAND BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Essex County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2003	5,255	\$ 203,610,230	\$ 38,746	7.30%
2004	5,261	217,894,837	41,417	3.00%
2005	5,313	229,686,303	43,231	3.30%
2006	5,296	250,447,840	47,290	2.50%
2007	5,302	264,304,700	49,850	3.40%
2008	5,319	274,806,135	51,665	3.80%
2009	5,350	261,620,350	48,901	7.60%
2010	5,820	295,603,620	50,791	7.60%
2011	5,828	296,009,948	50,791 *	7.70%
2012	5,828 **	296,009,948 **	50,791 *	7.30%

\* - Latest Essex County per capita personal income available (2010) was used for calculation purposes.

\*\* - Latest population data available (2011) was used for calculation purposes.

Source: School District Reports

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income has been estimated based upon the municipal population and per capita personal income presented

c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

ROSELAND BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS, ESSEX COUNTY  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

2012			2003		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Verizon Communications	18,000	N/A	N/A	N/A	N/A
Continental Airlines	14,000	N/A	N/A	N/A	N/A
PSE&G	10,300	N/A	N/A	N/A	N/A
Prudential Financial	8,119	N/A	N/A	N/A	N/A
JP Morgan Chase	5,300	N/A	N/A	N/A	N/A
Horizon Blue Cross/Blue Shield	4,808	N/A	N/A	N/A	N/A
Automatic Data Processing	4,666	N/A	N/A	N/A	N/A
Roche	3,715	N/A	N/A	N/A	N/A
KPMG	2,265	N/A	N/A	N/A	N/A
Ricoh American Corp	1,400	N/A	N/A	N/A	N/A
	<u>72,573</u>	<u>N/A</u>		<u>N/A</u>	<u>N/A</u>

Note - Principal employers are that of Essex County.

N/A - Information not available

Source: Essex County Economic Development Corporation.

ROSELAND BOARD OF EDUCATION  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,  
LAST SEVEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Instruction:</b>							
Regular	30.0	32.0	32.0	34.0	34.0	36.7	33.0
Special Education	14.0	16.0	17.0	20.5	25.1	16.0	22.5
Other Special Education	3.0	3.0	3.0	3.0	4.0	2.0	2.7
<b>Support Services:</b>							
Student & Instruction Related Services	3.0	3.0	4.0	4.6	5.1	5.2	6.7
General Administrative Services	3.0	3.0	3.0	1.5	1.5	1.5	1.5
School Administrative Services	3.0	3.0	3.0	3.0	2.5	2.3	2.3
Business Administrative Services	1.0	1.0	1.0	2.1	2.1	2.0	2.0
Plant Operations and Maintenance	3.0	4.0	4.0	5.0	4.0	4.0	4.0
<b>Total</b>	<u>60.0</u>	<u>65.0</u>	<u>67.0</u>	<u>73.7</u>	<u>78.3</u>	<u>69.7</u>	<u>74.7</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

ROSELAND BOARD OF EDUCATION  
OPERATING STATISTICS  
LAST EIGHT FISCAL YEARS  
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil<sup>d</sup></u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio Elementary</u>	<u>Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2005	459	\$ 5,662,534	\$ 12,337	N/A	34	1:13.5	459	442	0.00%	96.30%
2006	466	6,152,908	13,204	7.03%	37	1:12.5	466	448	1.53%	96.14%
2007	477	6,719,188	14,086	6.69%	38	1:12.5	477	460	2.36%	96.44%
2008	485	7,283,206	15,017	6.61%	39	1:12.4	486	470	2.17%	96.71%
2009	509	7,610,695	14,952	-0.43%	44	1:11.6	509	491	4.73%	96.46%
2010	504	7,848,753	15,573	4.15%	44	1:11.5	504	484	-1.42%	96.03%
2011	507	7,294,968	14,388	-7.61%	37	1:13.7	507	488	0.60%	96.25%
2012	494	7,643,111	15,472	7.53%	33	1:15.0	494	477	-2.56%	96.56%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

N/A - Information not available

Source: Roseland Board of Education records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil Calculations.

ROSELAND BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST SEVEN FISCAL YEARS  
UNAUDITED

<u>District Building</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Board of Education (1967) Square Feet	615	615	615	615	615	615	615
Lester C. Noecker School (1967, 2008) Square Feet	51,824	51,824	77,043	77,043	77,043	77,043	77,043
Capacity (students)	536	536	582	582	582	582	582
Enrollment	465	479	485	509	504	507	494
Number of Schools at June 30, 2012 Elementary = 1							

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Roseland Board of Education Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

ROSELAND BOARD OF EDUCATION  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures:  
 Required Maintenance for School Facilities  
 11-000-261-XXX

<u>School Facilities *</u>	<u>Projects #</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Lester C. Noecker School	N/A	\$ 90,674	\$ 144,522	\$ 27,874	\$ 135,855	\$ 129,625	\$ 119,008	\$ 119,506	\$ 48,870	\$ 78,695	\$ 67,155
		<u>\$ 90,674</u>	<u>\$ 144,522</u>	<u>\$ 27,874</u>	<u>\$ 135,855</u>	<u>\$ 129,625</u>	<u>\$ 119,008</u>	<u>\$ 119,506</u>	<u>\$ 48,870</u>	<u>\$ 78,695</u>	<u>\$ 67,155</u>

\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Roseland Board of Education records

Exhibit J-20

ROSELAND BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2012  
UNAUDITED

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
NJSBAIG	Property Blanket Building & Contents- Replacement Cost Values	\$ 18,636,811	\$ 5,000
	Earthquake	50,000,000	5,000
	Flood Zone A & V	10,000,000	500,000
	All Other Flood Zones	50,000,000	10,000
	General Liability		
	-Each Occurrence	16,000,000	
	Sexual Abuse	16,000,000	
	-Medical Expense Limit	5,000	
	-Employee Benefit Liability	16,000,000	1,000
	Automotive Liability	16,000,000	
	Comprehensive & Collision as scheduled		1,000
	Electronic Data Processing	350,000	1,000
	Crime Coverage		
	-Employee Dishonesty with Faithful Performance	250,000	1,000
	-Theft, Disappearance & Destruction		
	Loss of money and securities on premise	10,000	500
	Loss of money and securities off premise	10,000	500
	Forgery	250,000	1,000
	Computer Fraud	25,000	500
	Equipment Breakdown/Property Damage	100,000,000	
NJSBAIG	Board of Education		
	-Professional Liability Coverage Cov A	16,000,000	5,000
	-Professional Liability Coverage Cov B	100,000/300,000	5,000
	Fidelity Bonds		
	-Treasurer of School Monies	190,000	1,000
	-School Business Administrator/ Board Secretary	190,000	1,000
AIG/Markel Insurance Company	Student Accident Accidental/Catastrophic	5,000,000	
MORRIS/ESSEX INSURANCE GROUP	Worker's Compensation	1,000,000	

Source: Roseland Board of Education records

SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax  
 Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555

Independent Auditors' 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

The Honorable President and Members of  
 the Board of Education  
 Roseland Board of Education  
 County of Essex, 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 Board of Education of the Roseland Borough School District, in the County of Essex (the "Board") as of, and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 8, 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, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board'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 Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board'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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

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

The Honorable President and Members of  
the Board of Education  
Roseland Board of Education  
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's basic 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. However, we noted a certain matter that we have reported in the *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance*, a separate report dated October 8, 2012.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than those specified parties.

October 8, 2012  
Mount Arlington, New Jersey

  
NISIVOCIA LLP

  
\_\_\_\_\_  
David H. Evans  
Licensed Public School Accountant #740  
Certified Public Accountant



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax  
 Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555

Independent Auditors' 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's Circular 04-04

The Honorable President and Members of  
 the Board of Education  
 Roseland Board of Education  
 County of Essex, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Roseland Borough School District in the County of Essex (the "Board") 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 State Aid/Grant Compliance Supplement* that that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012. The Board's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board'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; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Division"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB 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*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04 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 the Board'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 the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and major effect on each of its major state programs for the fiscal year ended June 30, 2012.

The Honorable President and Members of  
the Board of Education  
Roseland Board of Education  
Page 2

### Internal Control Over Compliance

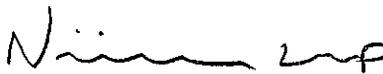
The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our 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 the *New Jersey State Aid/Grant Compliance Supplement*, but not for the purpose of expressing our 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.

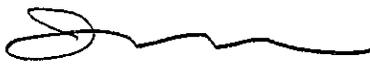
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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 the management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 8, 2012  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

  
\_\_\_\_\_  
David H. Evans  
Licensed Public School Accountant #740  
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor Program Title\Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Encumbrances	Balance 6/30/12		Due to Grantor 6/30/12
					Deferred Revenue (Accounts Receivable) 6/30/11					Accounts Receivable	Deferred Revenue	
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
Federal Food Distribution Program	10.555	N/A	7/1/11-6/30/12	\$ 10,635			\$ 10,635	\$ (9,343)			\$ 1,292	
Federal Food Distribution Program	10.555	N/A	7/1/10-6/30/11	4,146	\$ 719			(719)				
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	15,377			14,416	(15,377)		\$ (961)		
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	16,062	(1,207)		1,207					
Total U.S. Department of Agriculture/Child Nutrition Cluster					(488)		26,258	(25,439)		(961)	1,292	
Passed-through State Department of Education:												
General Fund:												
U.S. Department of Education:												
Education Jobs Fund	84.410A	N/A	7/1/10-9/30/12	15,032				(15,032)		(15,032)		
Total General Fund								(15,032)		(15,032)		
U.S. Department of Education												
Passed-through State Department of Education:												
No Child Left Behind Consolidated Grant:												
Title II	84.278A	NCLB-3100-12	9/1/11-8/31/12	6,925				(6,340)		(6,340)		
Title IV	84.186A	NCLB-3100-12	9/1/10-8/31/11	8,687				(8,304)		(8,304)		
Special Education Cluster:												
I.D.E.A. Part B, Preschool	84.173	FT-5520-12	9/1/11-8/31/12	5,109				(5,109)		(5,109)		
I.D.E.A. Part B, Basic	84.027	FT-5520-12	9/1/11-8/31/12	95,635				(95,635)		(95,635)		
I.D.E.A. Part B, Basic	84.027	FT-5520-11	9/1/10-8/31/11	94,571	(4,538)		4,538					
Total Special Education Cluster					(4,538)		4,538	(100,744)		(100,744)		
Total Special Revenue/U.S. Department of Education					(4,538)		4,538	(115,388)		(115,388)		
Total Federal Financial Awards					\$ (5,026)	\$ -0-	\$ 30,796	\$ (155,859)	\$ -0-	\$ (131,381)	\$ 1,292	\$ -0-

N/A - Not Available/Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

ROSELAND BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) 06/30/11	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance 6/30/12			MEMO	
								GAAP (Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
NJ Department of Education:												
Special Education Aid	11-495-034-5120-089	7/1/10 - 6/30/11	63,368	\$ (3,231)		\$ 3,231						\$ 63,368
Extraordinary Aid	11-100-034-5210-473	7/1/10 - 6/30/11	76,954	(76,954)		76,954						76,954
Special Education Aid	12-495-034-5120-089	7/1/11 - 6/30/12	214,113			194,615	\$ (214,113)				\$ (19,498)	214,113
Extraordinary Aid	12-100-034-5210-473	7/1/11 - 6/30/12	14,227				(14,227)	\$ (14,227)			(14,227)	14,227
Anti-Bullying Aid	N/A	7/1/11 - 6/30/12	1,583			1,583	(1,583)					1,583
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11 - 6/30/12	264,468			263,859	(264,468)	(609)			(609)	264,468
Total General Fund State Aid				(80,185)		540,242	(494,391)	(14,836)			(34,334)	634,713
Debt Service Fund												
Debt Service State Aid Support	12-495-034-5120-017	7/1/11 - 6/30/12	32,625			32,625	(32,625)					32,625
Total Debt Service Fund						32,625	(32,625)					32,625
Food Service Fund:												
State School Lunch Program	12-100-010-3350-023	7/1/11 - 6/30/12	1,566			1,471	(1,566)	(95)			(95)	1,566
State School Lunch Program	11-100-010-3350-023	7/1/10 - 6/30/11	1,741	(149)		149						1,741
Total State Awards				\$ (80,334)	\$ -0-	\$ 574,487	\$ (528,582)	\$ (14,931)	\$ -0-	\$ -0-	\$ (34,429)	\$ 670,645

N/A - Not Available

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

ROSELAND BOARD OF EDUCATION  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Roseland Borough School District under programs of the federal and state governments for the fiscal year ended June 30, 2012. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and 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*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on 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 Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

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 the modified accrual basis with the exception of the revenue recognition of the last state aid payments for the prior year and for the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments in the subsequent year and the final payments for the prior year are recognized in the current 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$16,267) for the general fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf Pension Contributions and Post Retirement Medical Benefits revenue of \$106,950 and \$214,998, respectively.

ROSELAND BOARD OF EDUCATION  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 15,032	\$ 800,072	\$ 815,104
Special Revenue Fund	115,388		115,388
Debt Service Fund		32,625	32,625
Proprietary Fund	<u>25,439</u>	<u>1,566</u>	<u>27,005</u>
Total Financial Awards	<u>\$ 155,859</u>	<u>\$ 834,263</u>	<u>\$ 990,122</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2012. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

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

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major state programs.
- An unqualified report was issued on the District's compliance for major programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB 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*.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2012 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the circular.
- The District's major state programs for the current fiscal year consisted of the following:

<u>General Fund State Aid:</u>	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Awards:				
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 214,113	\$ 214,113
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	264,468	264,468

- The threshold for distinguishing Type A and Type B state programs was \$300,000.
- The single audit threshold identified in Federal OMB Circular A-133 and New Jersey Circular NJOMB 04-04 was \$500,000.
- The District qualified as a "low-risk" auditee for state programs under the provision of section 530 of the federal circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

ROSELAND BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(Continued)

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey OMB's Circular 04-04.

ROSELAND BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

Status of Prior Year Findings:

There were no prior year findings.