

**FLORHAM PARK BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**Florham Park, New Jersey**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Florham Park Board of Education**

**Florham Park, New Jersey**

**For The Fiscal Year Ended June 30, 2006**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**







# *Florham Park Public Schools*

## **ADMINISTRATIVE OFFICES**

P.O. BOX 39 • FLORHAM PARK, N.J. 07932

973-822-3880

FAX: 973-822-0867

WILLIAM RONZITTI, Ph.D.  
Superintendent of Schools

July 28, 2006

Members of the Board of Education  
Florham Park Public Schools  
67 Ridgedale Ave.  
Florham Park, NJ 07932

Dear Board Members:

The comprehensive annual financial report of the Florham Park Public Schools for the fiscal year ended June 30, 2006 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 District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the respective changes in financial position of the basic financial statements. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 2003 and the U.S. Office of Management and Budget Circular A-133. "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular OMB 04-04. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

## 1. REPORTING ENTITY AND ITS SERVICES

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular and special education for handicapped youngsters. The District completed FY 2005/2006 with an enrollment of 991. The following Average Daily Enrollment figures details the changes in student enrollment over the last ten (10) years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2005/06	991	2.7%
2004/05	965	3.6%
2003/04	931	0.0%
2002/03	928	10.7%
2001/02	838	8.3%
2000/01	779	4.0%
1999/00	749	0.3%
1998/99	747	2.2%
1997/98	731	4.1%
1996/97	702	1.7%

## 2. ECONOMIC CONDITION AND OUTLOOK

Compared to other Districts, Florham Park remains financially healthy. The District is currently carrying a 1.4% unreserved / undesignated budgetary basis fund balance of the net budget to provide emergency funding for the lack of State Aid, to fund emergency projects, and to provide necessary reserves for future contingencies.

## 3. MAJOR INITIATIVES

The District continues to meet its major challenges, vis-à-vis, a series of ambitious curriculum reviews based on the Long Range Curriculum Plan, which must be completed to maintain educational integrity. The curriculum reviews are in the areas of environmental education, mathematics, health education, technology, social studies, and science. The district has also explored new programs offering such as a "health quest" physical education lab and Project Adventure for the middle school students.

In order to maintain dialogue with the staff, in service training in the curriculum areas are offered to committee members. The district also continues to offer technology staff training during the school day, as well as after-school hours. The Quality Annual Assurance Report addresses this area.

In addition to technology, in-service training has focused on reading, language and mathematics instruction to address the NJASK and GEPA requirements. District in-service has focused on a diversified curriculum meeting the needs of each child.

## 4. INTERNAL ACCOUNTING CONTROLS

As a recipient of Federal and State financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and

regulations related to those programs. This internal control structure is subject to periodic evaluation by District management and the auditor.

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

## 5. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for FY 2005/2006 is reflected in the budgetary comparison schedules of the required supplementary information.

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2006.

## 6. ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles (GAAP), 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 Financial Statements," Note #1.

## 7. DEBT ADMINISTRATION

At June 30, 2006 the District had \$12,460,000 in General Obligation Bonds outstanding. The proceeds of these bonds were used to provide funds for capital improvements to the District's buildings and grounds. These improvements include additions and various renovations in all three (3)-school buildings.

## 8. CASH MANAGEMENT

The investment policy of the District is guided in large part by State statute as detailed in "Notes to 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 loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## 9. RISK MANAGEMENT

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

## 10. OTHER INFORMATION

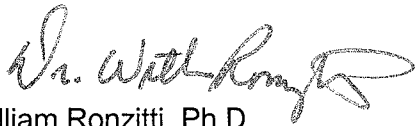
Independent Audit – State statute requires an annual audit by independent certified public accountants or registered municipal accounts. The Board's Finance Committee selected the accounting firm of Lerch Vinci & Higgins, LLP, CPA's. In addition to meeting the requirements as set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984, as amended in 1996, and the related OMB Circular A-133 and State Treasury Circular Letter 04-04.

The Auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

## 11. ACKNOWLEDGEMENTS

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

Respectfully submitted,

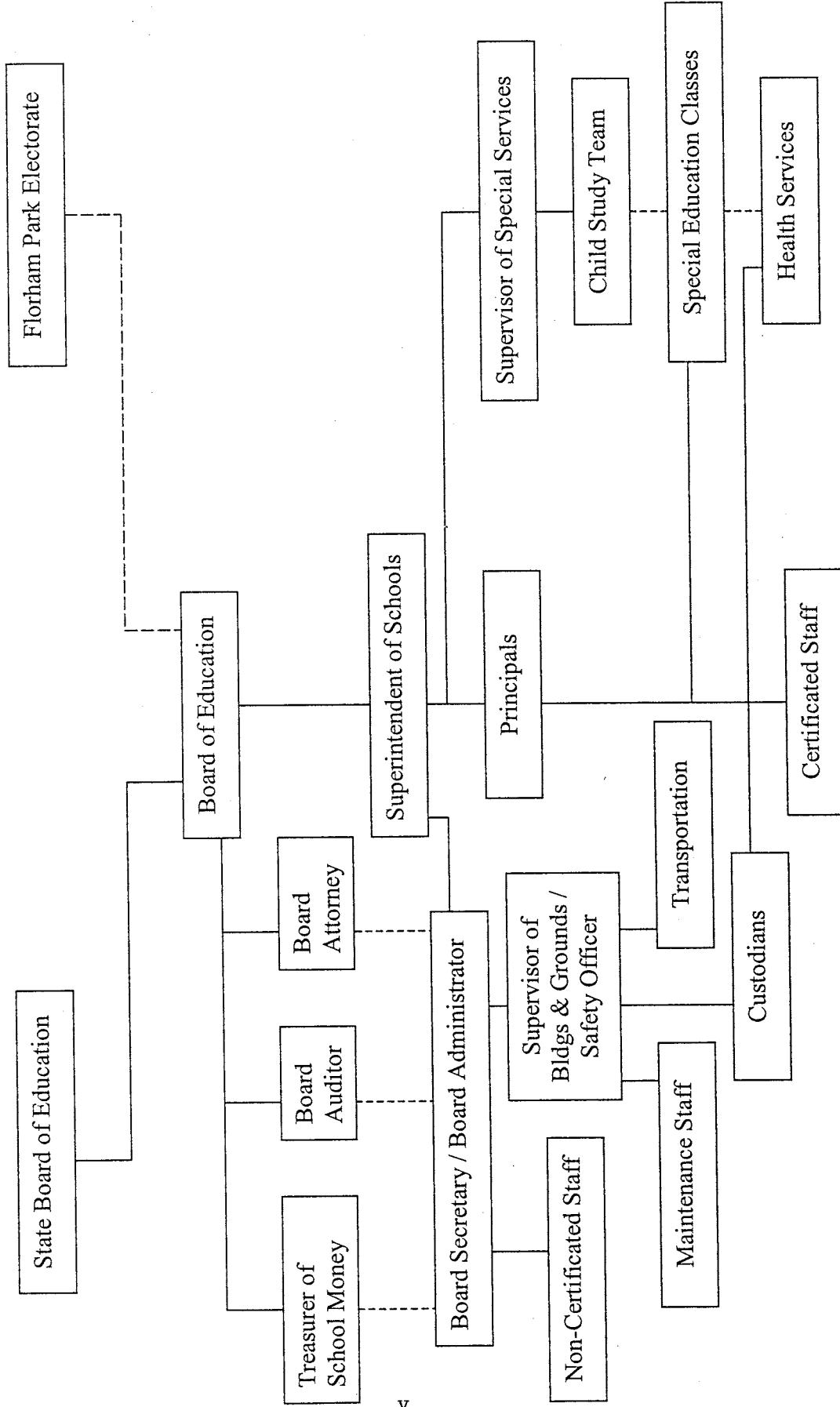


William Ronzitti, Ph.D.  
Superintendent of Schools



John R. Csontos  
Business Administrator/Board Secretary

# FLORHAM PARK SCHOOL DISTRICT ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS  
JUNE 30, 2006**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
John McFarlane, President	2008
Patrick Montuore, Vice President	2008
Dr. John Carollo	2007
Glen Johnstone	2007
Kevin DeCoursey	2007
John Gaffney	2009
Linda Michalowski	2009

**Other Officials**

Dr. William Ronzitti, Superintendent  
John R. Csatlós, Business Administrator/Board Secretary  
Raymond Karaty, Treasurer

**FLORHAM PARK BOARD OF EDUCATION  
FLORHAM PARK, NEW JERSEY  
CONSULTANTS AND ADVISORS**

**ATTORNEY**

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1100 Valley Brook Avenue  
Lyndhurst, New Jersey 07071

**AUDIT FIRM**

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

**ARCHITECTS**

LAN Associates  
445 Godwin Ave.  
Midland Park, New Jersey 07432

**OFFICIAL DEPOSITORY**

Chase Bank of New Jersey, NA  
186 Ridgedale Avenue  
Florham Park, New Jersey 07932



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## **FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JOSEPH F. KELLY, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH KOZAK, CPA, PSA

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Florham Park Board of Education, as of and for the fiscal year ended June 30, 2006, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Florham Park Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to 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 Florham Park Board of Education as of June 30, 2006, 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 July 28, 2006 on our consideration of the Florham Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Florham Park Board of Education's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
July 28, 2006

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# FLORHAM PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2006

This section of Florham Park Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2006. 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 2005-2006 fiscal year include the following:

- The assets of the Florham Park Board of Education exceeded its liabilities at the close of the fiscal year by \$6,592,557. (Net Assets)
- The District's total net assets decreased by \$159,772.
- Overall District revenues were \$15,903,070. General revenues accounted for \$13,552,441 or 85% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,350,629 or 15% of total revenues.
- The school district had \$15,872,191 in expenses for governmental activities; only \$2,335,390 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$13,552,441 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$448,220. Of this amount, \$67,599 (15%) is available for spending at the District's discretion (unreserved/undesignated fund balance – General Fund).
- The General Fund fund balance at June 30, 2006 was \$441,299, an increase of \$56,118 compared to the ending fund balance at June 30, 2005 of \$385,181.
- The General Fund unreserved/undesignated budgetary fund balance at June 30, 2006 was \$187,530, which represents a decrease of \$94,478 compared to the ending fund balance at June 30, 2005 of \$282,008.



# FLORHAM PARK BOARD OF EDUCATION

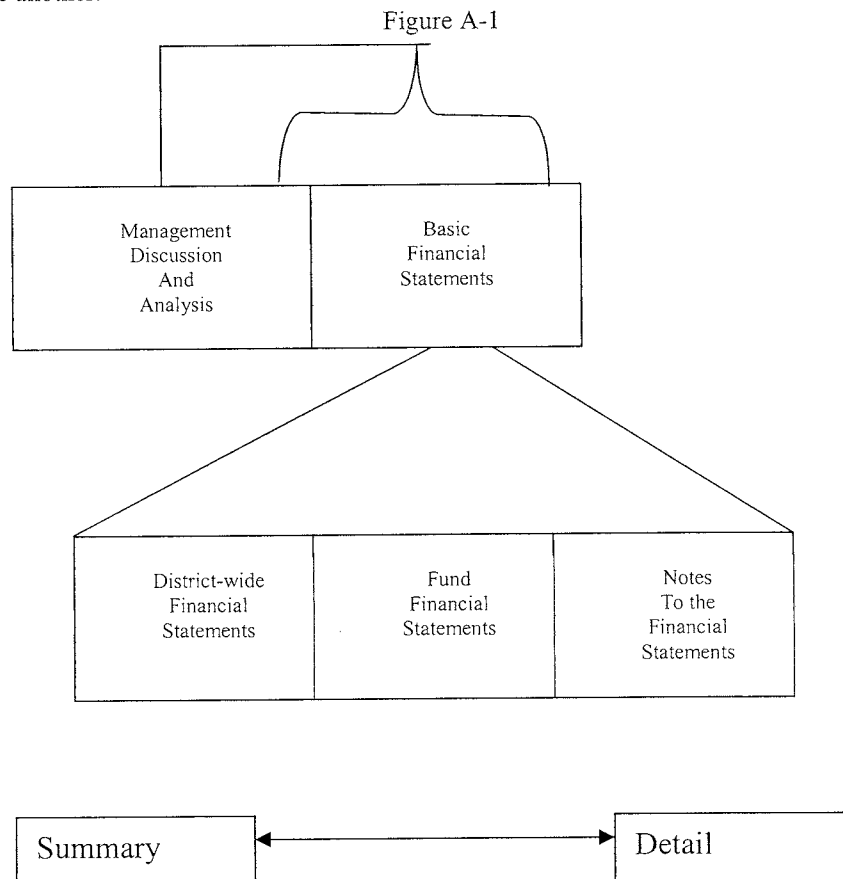
## Management's Discussion and Analysis Year Ended June 30, 2006

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the 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 were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this Annual Report are arranged and related to one another.



# FLORHAM PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2006

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 the structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

### 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 revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the 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*

# FLORHAM PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2006

- 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 overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in one category:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and plant operation and maintenance. Property taxes and Federal and State aid finance most of these activities.

### **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 bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state 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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
  - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has two enterprise funds, for its food service (cafeteria) program and the educational enrichment program.

# FLORHAM PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2006

### Fund Financial Statements (Continued)

- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. 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. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net Assets.** The District's *combined* net assets were \$6,592,557 on June 30, 2006 as follows:

#### Net Assets As of June 30, 2006 and 2005

	Governmental Activities		Business- Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current Assets	\$ 3,171,184	\$ 3,588,520	\$ (6,950)	\$ 3,511	\$ 3,164,234	\$ 3,592,031
Capital Assets	19,559,883	20,010,477	3,235	3,721	19,563,118	20,014,198
<b>Total Assets</b>	<u>22,731,067</u>	<u>23,598,997</u>	<u>(3,715)</u>	<u>7,232</u>	<u>22,727,352</u>	<u>23,606,229</u>
Long-Term Liabilities	13,091,493	13,433,673			13,091,493	13,433,673
Other Liabilities	3,043,302	3,420,654	-	-	3,043,302	3,420,654
<b>Total Liabilities</b>	<u>16,134,795</u>	<u>16,854,327</u>	<u>-</u>	<u>-</u>	<u>16,134,795</u>	<u>16,854,327</u>
Net Assets						
Invested in Capital Assets, net of related debt	6,762,118	6,852,751	3,235	3,721	6,765,353	6,856,472
Restricted	209,068	104,339			209,068	104,339
Unrestricted	(374,914)	(212,420)	(6,950)	3,511	(381,864)	(208,909)
<b>Total Net Assets</b>	<u>\$ 6,596,272</u>	<u>\$ 6,744,670</u>	<u>\$ (3,715)</u>	<u>\$ 7,232</u>	<u>\$ 6,592,557</u>	<u>\$ 6,751,902</u>

The District's total net assets of \$6,592,557 at June 30, 2006 represent a \$159,772, or 2%, decrease from the prior year as follows.

# FLORHAM PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2006

### Change in Net Assets For The Years Ended June 30, 2006 and 2005

	Governmental Activities		Business- Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 42,853	\$ 42,363	\$ 8,615	\$ 8,700	\$ 51,468	\$ 51,063
Operating Grants and Contributions	2,201,960	2,014,423	6,624	7,476	2,208,584	2,021,899
Capital Grants and Contributions	90,577	65,157			90,577	65,157
General Revenues						
Property Taxes	13,414,875	12,368,457			13,414,875	12,368,457
State Aid - Unrestricted	71,994	112,719			71,994	112,719
Other	65,572	52,997	-	-	65,572	52,997
<b>Total Revenues</b>	<b>15,887,831</b>	<b>14,656,116</b>	<b>15,239</b>	<b>16,176</b>	<b>15,903,070</b>	<b>14,672,292</b>
<b>Expenses</b>						
Instruction						
Regular	5,809,031	5,521,996			5,809,031	5,521,996
Special Education	2,554,818	2,455,940			2,554,818	2,455,940
Other Instruction	69,663	70,221			69,663	70,221
School Sponsored Activities and Athletics	139,489	129,699			139,489	129,699
Support Services						
Student and Instruction Related Services	2,250,544	1,817,140			2,250,544	1,817,140
General Administrative Services	548,193	557,374			548,193	557,374
School Administrative Services	721,807	654,996			721,807	654,996
Central Services	292,896	250,832			292,896	250,832
Plant Operations and Maintenance	1,994,220	1,928,465			1,994,220	1,928,465
Pupil Transportation	826,229	773,436			826,229	773,436
Interest on Debt	665,301	688,584			665,301	688,584
Food Services			21,407	19,694	21,407	19,694
Enrichment Program	-	-	5,206	-	5,206	-
<b>Total Expenses</b>	<b>15,872,191</b>	<b>14,848,683</b>	<b>26,613</b>	<b>19,694</b>	<b>15,898,804</b>	<b>14,868,377</b>
<b>Increase (Decrease) Before Special Items</b>	<b>15,640</b>	<b>(192,567)</b>	<b>(11,374)</b>	<b>(3,518)</b>	<b>4,266</b>	<b>(196,085)</b>
<b>Special Items</b>						
Loss on Disposal of Assets	(164,038)	-	-	-	(164,038)	-
<b>Increase (Decrease) in Net Assets</b>	<b>(148,398)</b>	<b>(192,567)</b>	<b>(11,374)</b>	<b>(3,518)</b>	<b>(159,772)</b>	<b>(196,085)</b>
<b>Net Assets, Beginning of Year</b>	<b>6,744,670</b>	<b>6,937,237</b>	<b>7,232</b>	<b>10,750</b>	<b>6,751,902</b>	<b>6,947,987</b>
Prior Period Adjustment	-	-	427	-	427	-
<b>Net Assets, End of Year</b>	<b>\$ 6,596,272</b>	<b>\$ 6,744,670</b>	<b>\$ (3,715)</b>	<b>\$ 7,232</b>	<b>\$ 6,592,557</b>	<b>\$ 6,751,902</b>

# FLORHAM PARK BOARD OF EDUCATION

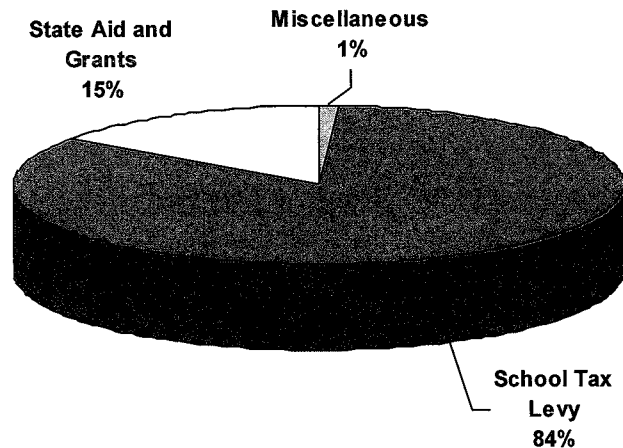
## Management's Discussion and Analysis Year Ended June 30, 2006

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$15,887,831 for the year ended June 30, 2006, property taxes of \$13,414,875 represented 84% of revenues. Another significant portion of revenues came from State aid; total State, Federal and formula aid was \$2,324,531 represented 15% of revenues. In addition, transportation fees and miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 1% of revenues.

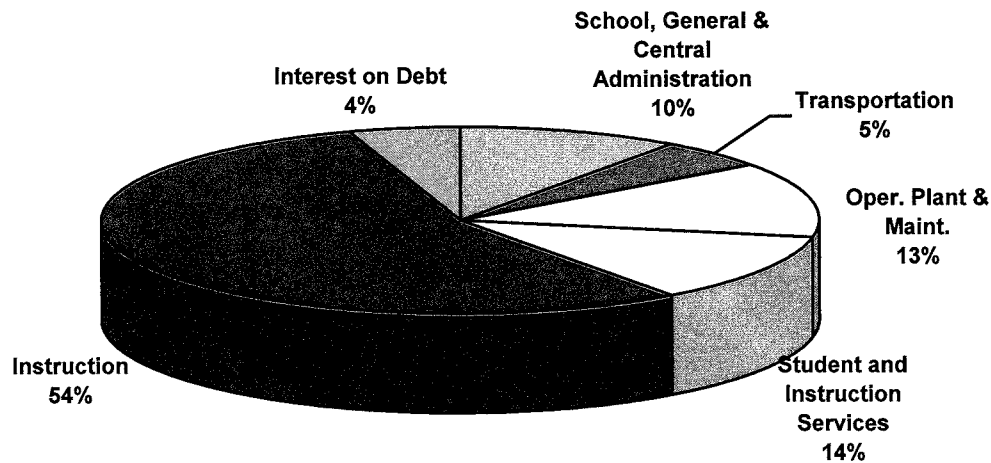
The total cost of all governmental activities programs and services was \$15,872,191. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$8,573,001 (54%) of total expenses. Student support services, total \$6,633,889 (42%) of total expenses and interest on debt totaled \$665,301 (4%) of total expenses.

Total governmental activities revenues exceeded expenses, increasing net assets before special items by \$15,640 after deducting special items of \$164,068 resulting from the loss on disposal of assets net assets decreased \$148,398 from the previous year.

Revenues by Sources – Governmental Activities  
For Fiscal Year 2006



Expenses by Use – Governmental Activities  
For Fiscal Year 2006



# FLORHAM PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2006

**Net Cost of Governmental Activities.** The District's total cost of services was \$15,872,191. After applying program revenues, derived from operating grants and contributions of \$2,201,960, capital grants and contributions of \$90,577 and charges for services of \$42,853, the net cost of services of the District is \$13,536,801.

### Net Cost of Governmental Activities For the Years Ended June 30, 2006 and 2005

	Total Cost of Services		Net Cost of Services	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Instruction				
Regular	\$ 5,809,031	\$ 5,521,996	\$ 5,166,161	\$ 4,952,466
Special Education	2,554,818	2,455,940	1,457,670	1,405,050
Other Instruction	69,663	70,221	30,857	16,704
School Sponsored Activities and Athletics	139,489	129,699	139,489	129,699
Support Services				
Student and Instruction Related Services	2,250,544	1,817,140	1,988,156	1,630,044
General Administrative Services	548,193	557,374	521,118	531,077
School Administrative Services	721,807	654,996	669,447	608,431
Central Services	292,896	250,832	277,696	237,453
Plant Operations and Maintenance	1,994,220	1,928,465	1,903,643	1,863,308
Pupil Transportation	826,229	773,436	717,263	663,924
Interest on Debt	665,301	688,584	665,301	688,584
<b>Total</b>	<b><u>\$ 15,872,191</u></b>	<b><u>\$ 14,848,683</u></b>	<b><u>\$ 13,536,801</u></b>	<b><u>\$ 12,726,740</u></b>

**Business-Type Activities** – The District's total business-type activities revenues were \$15,239 for the year ended June 30, 2006. Charges for services accounted for 57% of total revenues. Operating grants and contributions accounted for 43% of total revenue for the year.

Total cost of all business-type activities programs and services was \$26,613.

Total business-type activities expenses surpassed revenues, decreasing net assets by \$11,374 over the previous year.

# FLORHAM PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2006

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$448,220, a decrease from last year's fund balance of \$474,983. This decrease was attributable to the utilization of general fund balance to finance the District's budget appropriations during the school year.

Revenues for the District's governmental funds were \$15,887,831, while total expenses were \$16,116,631. In addition, the District had other financing sources of \$202,037.

### GENERAL FUND

The General fund includes the primary operations of the District in providing educational services to students from Kindergarten through Grade 8.

The following schedule presents a summary of General Fund Revenues.

	Year Ended June 30, 2006	Year Ended June 30, 2005	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Taxes	\$ 12,359,375	\$ 11,307,037	\$ 1,052,338	9%
Other	102,452	92,407	10,045	10%
State Sources	<u>1,945,505</u>	<u>1,820,064</u>	<u>125,441</u>	6%
Total General Fund Revenues	<u>\$ 14,407,332</u>	<u>\$ 13,219,508</u>	<u>\$ 1,187,824</u>	8%

The following schedule presents a summary of General Fund expenditures.

	Year Ended June 30, 2006	Year Ended June 30, 2005	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 8,219,247	\$ 7,939,012	\$ 280,235	3%
Support Services	5,852,320	5,368,849	483,471	9%
Debt Service	158,578	165,978	(7,400)	(4)%
Capital Outlay	<u>147,093</u>	<u>89,868</u>	<u>57,225</u>	39%
Total Expenditures	<u>\$ 14,377,238</u>	<u>\$ 13,563,707</u>	<u>\$ 813,531</u>	6%

Total General Fund expenditures increased \$813,531 or 6% from the previous year. The majority of this increase can be attributed to contractual salary increases and increases in employee benefits and capital outlay activities.



# FLORHAM PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2006

### GENERAL FUND (Continued)

In 2005-2006 General Fund revenues and other financing sources were greater than expenditures and other financing uses by \$56,118. Therefore, total fund balance increased to \$441,299 at June 30, 2006. However, after deducting statutory reserves and designations, the unreserved undesignated fund balance decreased from \$120,875 at June 30, 2005 to \$67,599 at June 30, 2006. This decrease can be attributable to the District appropriating additional unrestricted/undesignated fund balance during the year to fund unbudgeted operating costs and capital outlay projects.

### CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2006, the District had \$19,559,883 invested in land, buildings, furniture, equipment and vehicles. The following is a comparison of the June 30, 2006 and 2005 balances:

Capital Assets as of June 30, 2006 and 2005		<u>Governmental Activities</u>	
		<u>2006</u>	<u>2005</u>
Land	\$	1,156,663	\$ 1,156,663
Construction in Progress			17,825
Land Improvements		1,358,300	1,184,836
Buildings and Building Improvements		21,910,170	21,753,387
Machinery and Equipment		<u>1,962,025</u>	<u>2,068,819</u>
		26,387,158	26,181,530
<b>Less Accumulated Depreciation</b>		<u>(6,827,275)</u>	<u>(6,171,053)</u>
<b>Total</b>	\$	<u>19,559,883</u>	\$ <u>20,010,477</u>

### LONG TERM LIABILITIES

At June 30, 2006 the District had \$13,091,493 of outstanding debt. Of this amount, \$293,728 is for compensated absences; \$12,460,000 is for serial bonds; and \$337,765 is for lease purchase agreements. The following is a comparison of the June 30, 2006 and 2005 balances:

Outstanding Long-Term Debt as of June 30, 2006 and 2005		<u>Governmental Activities</u>	
		<u>2006</u>	<u>2005</u>
Serial Bonds	\$	12,460,000	\$ 12,920,000
Capital Leases Payable		337,765	237,726
Compensated Absences		<u>293,728</u>	<u>275,947</u>
<b>Total</b>	\$	<u>13,091,493</u>	\$ <u>13,433,673</u>

## FLORHAM PARK BOARD OF EDUCATION

### Management's Discussion and Analysis Year Ended June 30, 2006

#### **General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Implementing budgets for specially funded projects, which include both federal and state grants, reinstating prior year purchase orders being carried over, and budgeting for gifts and donations.
- Increases in appropriations for significant unbudgeted costs.

Revisions in the budget were made through budget transfers and to appropriate additional fund balance to prevent over expenditures in specific line item accounts. There were certain revisions to the budget during the year other than the reappropriation of prior year encumbrances. Several of these revisions bear notation:

- Appropriation of unreserved/undesignated fund balance totaling \$106,514 for the acquisition and installation of playground equipment at the elementary schools.
- Appropriation of unreserved/undesignated fund balance totaling \$20,106 for contractual maintenance services.
- Appropriation of unreserved/undesignated fund balance totaling \$24,857 for emergency bus repairs and other contractual transportation costs.
- Appropriation of unreserved/undesignated fund balance totaling \$10,000 for the emergency purchase and installation of a fire alarm panel.

General Fund budgetary revenues exceeded budgetary expenditures increasing budgetary fund balance \$14,915 over the previous year. However, after deducting statutory reserves and designations, the unreserved/undesignated budgetary fund balance decreased \$94,478, from \$282,008 at June 30, 2005 to \$187,530 at June 30, 2006.

#### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

While many factors influence the district's future, the availability of funding for increased enrollment, special education needs and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the District's administration during the process of developing the fiscal year 2006-2007 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2006-2007. Budgeted expenditures in the General Fund increased five percent to \$14,062,667 in fiscal year 2006-2007. Increases in contractual payroll, employee benefits and tuition are the primary reasons for the increase.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Florham Park Board of Education, P.O. Box 39, Florham Park, NJ 07932.

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## **BASIC FINANCIAL STATEMENTS**



**FLORHAM PARK BOARD OF EDUCATION**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2006**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,264,498		\$ 2,264,498
Receivables, net	697,064	\$ 525	697,589
Internal Balances	7,475	(7,475)	
Restricted Assets			
Capital Reserve Account - Cash	202,147		202,147
Capital Assets			
Not Being Depreciated	1,156,663		1,156,663
Being Depreciation, Net	<u>18,403,220</u>	<u>3,235</u>	<u>18,406,455</u>
Total Assets	<u>22,731,067</u>	<u>(3,715)</u>	<u>22,727,352</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	36,276		36,276
Payable to Other Governments	41,640		41,640
Notes Payable	2,607,404		2,607,404
Accrued Interest Payable	320,338		320,338
Deferred Revenue	37,644		37,644
Noncurrent Liabilities			
Due within one year	610,613		610,613
Due beyond one year	<u>12,480,880</u>	<u>-</u>	<u>12,480,880</u>
Total Liabilities	<u>16,134,795</u>	<u>-</u>	<u>16,134,795</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	6,762,118	3,235	6,765,353
Restricted for			
Debt Service	2		2
Capital Projects	209,066		209,066
Unrestricted	<u>(374,914)</u>	<u>(6,950)</u>	<u>(381,864)</u>
Total Net Assets	<u>\$ 6,596,272</u>	<u>\$ (3,715)</u>	<u>\$ 6,592,557</u>

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

**FLORHAM PARK BOARD OF EDUCATION**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
Instruction	\$ 5,809,031		\$ 642,870		\$ (5,166,161)
Regular	2,554,818		1,097,148		(1,457,670)
Special Education	69,663		38,806		(30,857)
Other Instruction	139,489				(139,489)
School Sponsored Activities and Athletics					
Support Services	2,250,544		262,388		(1,988,156)
Student and Instruction Related Services	548,193		27,075		(521,118)
General Administrative Services	721,807		52,360		(669,447)
School Administrative Services	292,896		15,200		(277,696)
Central Services	1,994,220			\$ 90,577	(1,903,643)
Plant Operations and Maintenance	826,229	\$ 42,853	66,113		(717,263)
Pupil Transportation	665,301	-	-		(665,301)
Interest on Debt					
Total Governmental Activities	15,872,191	42,853	2,201,960	90,577	(13,536,801)
<b>Business-Type Activities</b>					
Food Service	21,407	8,615	6,624	-	\$ (6,168)
Enrichment Program	5,206	-	-	-	(5,206)
Total Business-Type Activities	26,613	8,615	6,624	-	(11,374)
Total Primary Government	\$ 15,898,804	\$ 51,468	\$ 2,208,584	\$ 90,577	(13,548,175)
<b>General Revenues</b>					
Taxes					
Property Tax, levied for general purposes					12,359,375
Property Tax, levied for debt service					1,055,500
Investment Earnings					25,864
Miscellaneous Income					39,708
Unrestricted State Aid					71,994
<b>Special Items</b>					
Loss on Disposal of Capital Assets					(164,038)
Total General Revenues and Special Items					13,388,403
Change in Net Assets					(159,772)
Net Assets, Beginning of Year					6,751,902
Prior Year Adjustment					427
Net Assets, End of Year					\$ 6,592,557

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

## **FUND FINANCIAL STATEMENTS**





**FLORHAM PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2006**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 222,504	\$ 49,607	\$ 1,992,385	\$ 2	\$ 2,264,498
Receivables from Other Governments	29,917	27,890	629,835		687,642
Due from Other Funds	12,366				12,366
Other Receivables	8,030				8,030
Restricted Cash and Cash Equivalents	202,147	-	-	-	202,147
Total Assets	<u>\$ 474,964</u>	<u>\$ 77,497</u>	<u>\$ 2,622,220</u>	<u>\$ 2</u>	<u>\$ 3,174,683</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 32,665	\$ 2,611			\$ 35,276
Notes Payable			\$ 2,607,404		2,607,404
Due to Other Funds	1,000		3,499		4,499
Payable to State Government		40,827			40,827
Payable to Federal Government		813			813
Deferred Revenue	-	33,246	4,398	-	37,644
Total Liabilities	<u>33,665</u>	<u>77,497</u>	<u>2,615,301</u>	<u>-</u>	<u>2,726,463</u>
<b>Fund Balances</b>					
<b>Reserved for</b>					
Encumbrances	71,553				71,553
Capital Reserve Account	202,147				202,147
<b>Unreserved</b>					
Designated for Subsequent Year's Expenditures	100,000			\$ 1	100,001
Undesignated, Reported in General Fund	67,599				67,599
Debt Service Fund				1	1
Capital Projects Fund	-	-	6,919	-	6,919
Total Fund Balances	<u>441,299</u>	<u>-</u>	<u>6,919</u>	<u>2</u>	<u>448,220</u>
Total Liabilities and Fund Balances	<u>\$ 474,964</u>	<u>\$ 77,497</u>	<u>\$ 2,622,220</u>	<u>\$ 2</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$26,387,158 and the accumulated depreciation is \$6,827,275.

19,559,883

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

(320,338)

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

Serial Bonds Payable	\$ 12,460,000
Compensated Absences	293,728
Capital Leases Payable	<u>337,765</u>
	<u>(13,091,493)</u>

Net assets of governmental activities \$ 6,596,272

**FLORHAM PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 12,359,375			\$ 1,055,500	\$ 13,414,875
Transportation	42,853				42,853
Interest	19,891		\$ 5,973		25,864
Miscellaneous	39,708	\$ 40,000	-	-	79,708
Total - Local Sources	12,461,827	40,000	5,973	1,055,500	13,563,300
State Sources	1,945,505	78,222	50,577		2,074,304
Federal Sources	-	250,227	-	-	250,227
Total Revenues	14,407,332	368,449	56,550	1,055,500	15,887,831
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular	5,690,141	46,037			5,736,178
Special Education	2,350,767	182,111			2,532,878
Other Instruction	38,850	30,813			69,663
School-Sponsored Activities and Athletics	139,489				139,489
Support Services					
Student and Instruction Related Services	2,162,959	69,488			2,232,447
General Administrative Services	621,725				621,725
School Administrative Services	690,572				690,572
Central Services	292,790				292,790
Plant Operations and Maintenance	1,321,457				1,321,457
Student Transportation Services	762,817				762,817
Debt Service					
Principal	81,947			460,000	541,947
Interest and Other Charges	76,631			595,500	672,131
Capital Outlay	147,093	40,000	315,444	-	502,537
Total Expenditures	14,377,238	368,449	315,444	1,055,500	16,116,631
Excess (Deficiency) of Revenues Over Expenditures	30,094	-	(258,894)	-	(228,800)
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Leases			181,986		181,986
Premium on Notes			20,051		20,051
Transfers In	26,024				26,024
Transfers Out	-	-	(26,024)	-	(26,024)
Total Other Financing Sources and Uses	26,024	-	176,013	-	202,037
Net Change in Fund Balances	56,118	-	(82,881)	-	(26,763)
Fund Balance, Beginning of Year	385,181	-	89,800	2	474,983
Fund Balance, End of Year	\$ 441,299	\$ -	\$ 6,919	\$ 2	\$ 448,220

## EXHIBIT B-3

**FLORHAM PARK BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ (26,763)

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

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

Capital Outlay	\$ 502,537	
Depreciation Expense	<u>(789,093)</u>	
		(286,556)

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

Compensated Absences		(17,781)
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Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

Serial Bonds	460,000	
Capital Leases	<u>81,947</u>	
		541,947

The issuance of long-term debt provides current financial resources to governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities.

Capital Lease Proceeds		(181,986)
------------------------	--	-----------

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

Increase in Accrued Interest		(13,221)
------------------------------	--	----------

The statement of activities report losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any loss on disposal of capital assets.

		<u>(164,038)</u>
<b>Change in net assets of governmental activities (Exhibit A-2)</b>		<b>\$ <u>(148,398)</u></b>

**FLORHAM PARK BOARD OF EDUCATION**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2006**

	<b>Non-Major Enterprise Funds <u>Total</u></b>
<b>ASSETS</b>	
Intergovernmental Receivable, Net Federal	\$ 525
Total Current Assets	<u>525</u>
Capital Assets	
Equipment	100,496
Accumulated Depreciation	<u>97,261</u>
Total Capital Assets	<u>3,235</u>
Total Assets	<u>3,760</u>
<b>LIABILITIES</b>	
Due to Other Funds	<u>7,475</u>
<b>NET ASSETS</b>	
Invested in Capital Assets	3,235
Unrestricted	<u>(6,950)</u>
Total Net Assets	<u><u>\$ (3,715)</u></u>

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

**FLORHAM PARK BOARD OF EDUCATION**  
**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<b>Non-Major Enterprise Funds <u>Total</u></b>
<b>OPERATING REVENUES</b>	
Local Sources	
Daily Sales	\$ 8,615
	<u>8,615</u>
Total Operating Revenues	<u>8,615</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales	11,332
Salaries and Benefits	11,165
Purchased Management Services	
General Supplies	3,203
Rental of Building	
Depreciation	<u>913</u>
Total Operating Expenses	<u>26,613</u>
Operating Loss	<u>(17,998)</u>
Nonoperating Revenues	
Federal Sources	
National School Lunch Program	<u>6,624</u>
Total Nonoperating Revenues	<u>6,624</u>
Changes in Net Assets	(11,374)
Total Net Assets, Beginning of Year	7,232
Prior Year Adjustment	<u>427</u>
Total Net Assets, End of Year	<u>\$ (3,715)</u>

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

**FLORHAM PARK BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<b>Non-Major Enterprise Funds <u>Total</u></b>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 8,615
Cash Payments for Employee Salaries	
Salaries & Benefits	(11,165)
Cash Payments to Suppliers for Goods and Services	<u>(14,535)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(17,085)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal	
Subsidy Reimbursements	6,502
Cash Received from Other Funds	<u>7,475</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>13,977</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,108)
Cash and Cash Equivalents, Beginning of Year	<u>3,108</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ (17,998)
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (Used for) Operating Activities	
Depreciation	<u>913</u>
Total Adjustments	<u>913</u>
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (17,085)</u>

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

**FLORHAM PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2006**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,528	\$ 6,458	\$ 43,171
Due from Other Funds	<u>1,000</u>	<u>-</u>	<u>-</u>
Total Assets	<u>4,528</u>	<u>6,458</u>	<u>43,171</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 18,952
Intergovernmental Payable - State	105		
Due to Other Funds			1,392
Due to Student Groups	<u>-</u>	<u>-</u>	<u>22,827</u>
Total Liabilities	<u>105</u>	<u>-</u>	<u>\$ 43,171</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 4,423</u>	<u>\$ 6,458</u>	



**FLORHAM PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Scholarship Fund</u></b>
<b>ADDITIONS</b>		
Contributions		
District	\$ 3,000	
Employees	12,989	
Private Donations		\$ 450
Investment Earnings		
Interest	<u>87</u>	<u>35</u>
Total Additions	<u>16,076</u>	<u>485</u>
<b>DEDUCTIONS</b>		
Scholarships Awarded		900
Unemployment Claims and Contributions	<u>27,156</u>	<u>-</u>
Total Deductions	<u>27,156</u>	<u>900</u>
Change in Net Assets	(11,080)	(415)
Net Assets, Beginning of Year	<u>15,503</u>	<u>6,873</u>
Net Assets, End of Year	<u>\$ 4,423</u>	<u>\$ 6,458</u>

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

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**



**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. District-Wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

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

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

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

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from the sale of bonds and other revenues used for the acquisition or construction of major capital facilities.

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

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

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

The *enrichment fund* accounts for activities of the enrichment program, which provides educational enrichment activities to District students.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

**D. Assets, Liabilities and Net Assets or Equity**

***Deposits and Investments***

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

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

***Receivables and Payables***

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

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

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

***Receivables and Payables (Continued)***

Tuition Expenditures - Tuition charges for the fiscal years 2004-2005 and 2005-2006 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

***Inventories***

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

***Restricted Assets***

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

***Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

***Capital Assets (Continued)***

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	10-30
Buildings	40
Building Improvements	20
Machinery and Equipment	5-20

***Compensated Absences***

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

***Long-term Obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

***Fund Equity***

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures.

**Reserved for Encumbrances** - This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

**Reserved for Capital Reserve Account** – This reserve was created by budget appropriation to fund future capital expenditures (See Note 2)

Designations of fund balance represent tentative management plans that are subject to change.

**Designated for Subsequent Year's Expenditures** – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2006/07 District budget certified for taxes.



**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

***Reclassifications***

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the Capital Projects Fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2005/2006. During 2005/2006 the Board increased the original budget by \$346,256. The increase was funded by additional surplus appropriated, grant awards, and the reappropriation of prior year general fund encumbrances. During the fiscal year, authorized and approved fund balance appropriations of \$131,477, \$20,000 and \$10,000 of General Fund surplus were made on February 13, 2006, May 3, 2006 and June 30, 2006, respectively.

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

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

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Other Support Services--Students--Special Education			
Other Purchased Prof. and Tech. Services	\$12,402	\$ 26,777	\$14,375
Facilities Acquisition and Construction Services			
Other Purchased Prof. and Tech. Services	8,950	17,590	8,640
Construction Services	97,564	112,564	15,000

The above variances were offset with other available resources.

**Deficit Fund Equity**

The District has an accumulated net asset deficit of \$5,206 in the Enrichment Program Enterprise Fund. The District expects to eliminate this deficit through normal operations in 2006/2007 or by General Fund budget appropriation.

**Capital Reserve Account**

A capital reserve account was established on October 16, 2000. The accumulation of funds will be used for 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) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department, a district may increase the balance in capital reserve at any time by appropriating funds in the annual general fund budget certified for taxes. 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. Post-April 2004 transfers must be in compliance with P.L. 2004, C.73 (S1701). 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 fiscal year ended June 30, 2006 is as follows:

Beginning balance	\$ 14,537
Interest earnings	295
Deposits	
Approved in District Budget by Voters	<u>187,315</u>
Ending balance	<u>\$ 202,147</u>

The June 30, 2006 LRFP balance of local support costs of uncompleted capital projects at June 30, 2006 is \$12,500,000. The withdrawals from the capital reserve were for use in a DOE approved facilities project, consistent with the district's Long Range Facilities Plan.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**Transfers to Capital Outlay**

During the year ending June 30, 2006, the district transferred \$120,904 to the capital outlay accounts. The transfers were made from unreserved, undesignated General Fund balance, and available unexpended budget appropriations in the General Fund. The required approvals from the County Superintendent of Schools were not sought for certain transfers made to Facilities Acquisition and Construction Services budget line items.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**Deposits and Investments**

**Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC) or New Jersey's Governmental Unit Deposit Protection Act. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances are insured up to \$100,000 in the aggregate by the FDIC for each bank. At June 30, 2006, the book value of the Board's deposits was \$2,519,802 and bank balances of the Board's cash and deposits amounted to \$2,911,634. Of the bank balances \$100,000 was covered by FDIC, \$2,589,202 was covered by the New Jersey Governmental Unit Deposit Protection Act, and \$222,432 are uninsured with the New Jersey Cash Management Fund. The Board's deposits which are displayed on the balance sheet and statements of net assets as "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	\$2,689,202
Uninsured and Collateralized	<u>222,432</u>
	<u>\$2,911,634</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2006, the Board's bank balance of \$222,432 was exposed to custodial credit risk as follows:

Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department, not in the Board's Name	<u>\$222,432</u>

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**Deposits and Investments (Continued)**

**Investments**

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

As of June 30, 2006, the Board had no outstanding investments.

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

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

**Receivables**

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Non-Major Enterprise Funds</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 29,917	\$ 27,890	\$ 629,835	\$ 525	\$ 688,167
Accounts	<u>8,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,030</u>
Gross Receivables	37,947	27,890	629,835	525	696,197
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 37,947</u>	<u>\$ 27,890</u>	<u>\$ 629,835</u>	<u>\$ 525</u>	<u>\$ 696,197</u>

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**Receivables (Continued)**

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$33,246
Capital Projects Fund	
Economic Development Authority School Facility Grants	<u>4,398</u>
Total Deferred Revenue for Governmental Funds	<u>\$37,644</u>

**Capital Assets**

Capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Prior Year Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,156,663				\$ 1,156,663
Construction in Progress	<u>17,825</u>	<u>-</u>	<u>-</u>	<u>\$ (17,825)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>1,174,488</u>	<u>-</u>	<u>-</u>	<u>(17,825)</u>	<u>1,156,663</u>
Capital assets, being depreciated:					
Land Improvements	1,184,836		\$ 173,464		1,358,300
Building and Building Improvements	21,753,387		156,783		21,910,170
Machinery and Equipment	<u>2,068,819</u>	<u>-</u>	<u>190,115</u>	<u>(296,909)</u>	<u>1,962,025</u>
Total capital assets being depreciated	<u>25,007,042</u>	<u>-</u>	<u>520,362</u>	<u>(296,909)</u>	<u>25,230,495</u>
Less accumulated depreciation for:					
Land Improvements	(326,067)		(94,801)		(420,868)
Building and Building Improvements	(4,399,107)		(560,608)		(4,959,715)
Machinery and Equipment	<u>(1,445,879)</u>	<u>-</u>	<u>(133,684)</u>	<u>132,871</u>	<u>(1,446,692)</u>
Total accumulated depreciation	<u>(6,171,053)</u>	<u>-</u>	<u>(789,093)</u>	<u>132,871</u>	<u>(6,827,275)</u>
Total assets, being depreciation, net	<u>18,835,989</u>	<u>-</u>	<u>(268,731)</u>	<u>(164,038)</u>	<u>18,403,220</u>
Government activities capital assets, net	<u>\$ 20,010,477</u>	<u>\$ -</u>	<u>\$ (268,731)</u>	<u>\$ (181,863)</u>	<u>\$ 19,559,883</u>

**FLORHAM PARK BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**Capital Assets (Continued)**

	<u>Beginning Balance</u>	<u>Prior Year Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type activities:</b>					
Capital assets, being depreciated:					
Machinery and Equipment	\$ 61,316	\$ 39,180	-	-	\$ 100,496
Total capital assets being depreciated	<u>61,316</u>	<u>39,180</u>	<u>-</u>	<u>-</u>	<u>100,496</u>
Less accumulated depreciation for:					
Machinery and Equipment	(57,595)	(38,753)	\$ (913)	-	(97,261)
Total accumulated depreciation	<u>(57,595)</u>	<u>(38,753)</u>	<u>(913)</u>	<u>-</u>	<u>(97,261)</u>
Total capital assets, being depreciated, net	<u>3,721</u>	<u>427</u>	<u>(913)</u>	<u>-</u>	<u>3,235</u>
Business-type activities capital assets, net	<u>\$ 3,721</u>	<u>\$ 427</u>	<u>\$ (913)</u>	<u>\$ -</u>	<u>\$ 3,235</u>

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

Governmental activities:

Instruction	
Regular	\$ 13,207
Special Education	483
Total Instruction	<u>13,690</u>

Support Services

Student and Instructional Related Services	11,101
General Administrative Services	1,676
School Administrative Services	30,948
Plant Operations and Maintenance	668,266
Pupil Transportation	<u>63,412</u>
Total Support Services	<u>775,403</u>

Total depreciation expense - governmental activities	<u>\$ 789,093</u>
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Business-Type Activities

Food Service Fund	<u>\$ 913</u>
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**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2006, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	\$ 1,392
General Fund	Capital Projects Fund	3,499
General Fund	Food Service Fund	2,269
General Fund	Enrichment Program Fund	5,206
Unemployment Trust Fund	General Fund	<u>1,000</u>
		<u>\$13,366</u>

The above balances are the results of revenues earned or other financing sources received in one fund which are due to another fund or to cover cash balances which were in an overdraft position.

**Interfund Transfers**

	<u>Transfer In:</u>
	<u>General</u>
Transfer Out:	
Capital Projects Fund	<u>\$ 26,024</u>
Total transfers out	<u>\$ 26,024</u>

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

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**Leases**

**Capital Leases**

The District is financing building improvements, school buses, trucks and equipment totaling \$519,429 under capital leases. The leases are for terms of 3 to 5 years. The following is a schedule of the future minimum lease payments under these capital leases. The future minimum lease obligations as of June 30, 2006 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2007	\$ 109,097
2008	85,515
2009	72,678
2010	62,677
2011	40,755
Total minimum lease payments	370,722
Less: amount representing interest	(32,957)
Present value of minimum lease payments	<u>\$ 337,765</u>

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Building Improvements	\$ 129,336
Machinery and Equipment	390,093
	<u>\$ 519,429</u>

**Long-Term Debt**

**General Obligation Bonds**

The Board issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2006 are comprised of the following issues:

\$4,950,000, 1994 Bonds, due in annual installments of \$410,000 through December 15, 2009, interest at 6.15% to 6.20%	\$1,640,000
\$10,940,000, 2002 Bonds, due in annual installments of \$75,000 to \$960,000 through July 15, 2022, interest at 4.20% to 4.75%	10,820,000
	<u>\$12,460,000</u>



**FLORHAM PARK BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**Long-Term Debt (Continued)**

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

**Governmental Activities:**

Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2007	\$ 485,000	\$ 568,366	\$ 1,053,366
2008	515,000	539,781	1,054,781
2009	545,000	509,629	1,054,629
2010	575,000	478,011	1,053,011
2011	605,000	449,131	1,054,131
2012-2016	3,480,000	1,824,215	5,304,215
2017-2021	4,345,000	969,343	5,314,343
2022-2023	<u>1,910,000</u>	<u>90,963</u>	<u>2,000,963</u>
	<u>\$ 12,460,000</u>	<u>\$ 5,429,439</u>	<u>\$ 17,889,439</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2005 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 83,824,516
Less: Net Debt	<u>13,028,094</u>
Remaining Borrowing Power	<u>\$ 70,796,422</u>

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 12,920,000		\$ 460,000	\$ 12,460,000	\$ 485,000
Capital leases payable	237,726	\$ 181,986	81,947	337,765	99,613
Compensated absences	<u>275,947</u>	<u>103,158</u>	<u>85,377</u>	<u>293,728</u>	<u>26,000</u>
Governmental activity Long-term liabilities	<u>\$ 13,433,673</u>	<u>\$ 285,144</u>	<u>\$ 627,324</u>	<u>\$ 13,091,493</u>	<u>\$ 610,613</u>

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

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**Short-Term Debt**

**Grant Anticipation Notes**

The Board issues Grant Anticipation Notes to interim finance Capital Projects funded by the State Economic Development Authority's construction grants. The Board's short-term debt activity for the year ended June 30, 2006 was as follows:

<u>Purpose</u>	Balance, July 1, <u>2005</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, <u>2006</u>
Briarwood, Brooklake and Ridgedale Schools Schools Construction Projects	\$ 2,898,734	\$ 2,607,404	\$ 2,898,734	\$ 2,607,404
	<u>\$ 2,898,734</u>	<u>\$ 2,607,404</u>	<u>\$ 2,898,734</u>	<u>\$ 2,607,404</u>

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2005-2006	\$ 3,000	\$ 12,989	\$ 27,156	\$ 4,423
2004-2005		10,291	16,682	15,503
2003-2004		3,783	19,568	21,760

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities**

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

The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2006, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2006, the District had no estimated arbitrage earnings due to the IRS.

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

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

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

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

**Other Pension Funds**

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

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

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Other Pension Funds (Continued)**

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

**Basis of Accounting**

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

**Investment Valuation**

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

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

**Significant Legislation**

Chapter 108, P.L. 2003, effective July 1, 2003 provided that the State Treasurer shall reduce the normal and accrued liability contributions payable by employers other than the State, excluding the contribution payable from the benefit enhancement fund, to a percentage of the amount certified annually by the retirement system, which for PERS will be as follows: for payments due in the State fiscal year ending June 30, 2005, 20 percent; for payments due in the State fiscal year ending June 30, 2006, not more than 40 percent; for payments due in the State fiscal year ending June 30, 2007, not more than 60 percent; and for payments due in the State fiscal year ending June 30, 2008, not more than 80 percent.

Chapter 42, P.L. 2002 permitted local government units to issue refunding bonds to retire unfunded accrued liability resulting from early retirement benefits under PERS and TPAF, effective July 12, 2002.

**FLORHAM PARK BOARD OF EDUCATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Contribution Requirements**

The contribution policy is set by laws of the State of New Jersey 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. The pension funds provide for employee contributions based on 5.0% for PERS and 5.0% for TPAF of the employee's annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2006 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

During the years ended June 30, 2006, 2005 and 2004 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension contributions or post-retirement medical benefits the following amounts:

Year Ended June 30,	PERS	On-behalf TPAF
2006	\$ 41,767	\$ 577,455
2005	7,269	475,666
2004	None	404,690

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$472,578 during the year ended June 30, 2006 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**E. Post Retirement Benefits**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), 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. As of June 30, 2005, there were 67,930 retirees receiving 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 is on a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve that increases by one half of one percent of the active State payroll.

The State made post-retirement (PRM) contributions of \$494.7 million for TPAF and \$190.8 million for PERS in fiscal year 2005.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 4 OTHER INFORMATION (Continued)**

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

The State is also responsible for the cost attributable to Ch. 126, P.L. 1992, which provides for 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 \$88.7 million toward Chapter 126 benefits for 9,966 eligible retired members in fiscal year 2005.

**F. Recent Accounting Pronouncements**

In July 2004, the Governmental Accounting Standards Board (GASB) adopted statement number 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions". This statement will become effective for governmental entities on a phased in basis beginning with fiscal years beginning after December 15, 2006. The effective date of this statement for the Board is the fiscal year beginning July 1, 2009. This statement will require governmental entities to report the future cost of other post employment benefits (OPEB) on a present value basis instead of the present "pay as you go" method. The impact on the District's financial position or results of operations of this GASB Statement can not be readily determined at this time.

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## **BUDGETARY COMPARISON SCHEDULES**





**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 12,359,375		\$ 12,359,375	\$ 12,359,375	
Transportation	40,000		40,000	42,853	\$ 2,853
Interest				19,596	19,596
Interest on Capital Reserve	20		20	295	275
Miscellaneous	23,000	-	23,000	39,708	16,708
Total Local Sources	<u>12,422,395</u>	<u>-</u>	<u>12,422,395</u>	<u>12,461,827</u>	<u>39,432</u>
State Sources					
Special Education Aid	627,845		627,845	627,845	
Transportation Aid	62,536		62,536	62,536	
Bilingual Aid	3,428		3,428	3,428	
Consolidated Aid	47,307		47,307	47,307	
Additional Formula Aid	22,233		22,233	22,233	
Additional Nonpublic Transportation Aid				3,630	3,630
Extraordinary Aid				84,779	84,779
Academic Achievement Reward Program				2,511	2,511
On-behalf Pension Payments - Normal cost (Non-Budget)				62,743	62,743
On-behalf TPAF Pension Payments - Post Retirement Medical (Non-Budget)				514,712	514,712
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	472,578	472,578
Total State Sources	<u>763,349</u>	<u>-</u>	<u>763,349</u>	<u>1,904,302</u>	<u>1,140,953</u>
Total Revenues	<u>13,185,744</u>	<u>-</u>	<u>13,185,744</u>	<u>14,366,129</u>	<u>1,180,385</u>
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	275,100	\$ (44,749)	230,351	230,351	
Grades 1-5	1,995,000	(2,997)	1,992,003	1,992,003	
Grades 6-8	1,321,000	60,598	1,381,598	1,381,598	
Regular Program - Home Instruction					
Salaries of Teachers	6,000	(180)	5,820	5,820	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	198,000	3,602	201,602	201,602	
Purchased Professional/Educational Services	3,300	(250)	3,050	3,050	
Purchased Technical Services	16,475	(6,051)	10,424	10,424	
Other Purchased Services	72,250	(2,703)	69,547	68,588	959
General Supplies	323,621	(13,285)	310,336	304,925	5,411
Textbooks	35,235	3,448	38,683	37,945	738
Other Objects	16,025	(4,251)	11,774	11,774	-
Total Regular Programs	<u>4,262,006</u>	<u>(6,818)</u>	<u>4,255,188</u>	<u>4,248,080</u>	<u>7,108</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	162,784	(46,357)	116,427	116,427	
Other Salaries for Instruction	93,473	(65,639)	27,834	27,834	
General Supplies	2,910	-	2,910	2,654	256
Textbooks	1,500	(987)	513	513	-
Total Learning and/or Language Disabilities	<u>260,667</u>	<u>(112,983)</u>	<u>147,684</u>	<u>147,428</u>	<u>256</u>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 657,172	\$ 132,100	\$ 789,272	\$ 789,272	
Other Salaries for Instruction	41,300	110,277	151,577	151,577	
General Supplies	7,060	1,168	8,228	7,821	\$ 407
Textbooks	2,750	(750)	2,000	1,997	3
Total Resource Room	708,282	242,795	951,077	950,667	410
Preschool Disabilities - Full-Time					
Salaries of Teachers	63,058	5,588	68,646	68,646	
Other Salaries for Instruction	47,164	(223)	46,941	46,941	
General Supplies	-	-	-	-	-
Total Preschool Disabilities - Full-Time	110,222	5,365	115,587	115,587	-
Total Special Education	1,079,171	135,177	1,214,348	1,213,682	666
Bilingual Education					
Salaries of Teachers	42,213	(12,067)	30,146	27,626	2,520
Other Purchased Services	-	200	200	110	90
Total Bilingual Education	42,213	(11,867)	30,346	27,736	2,610
School Sponsored Cocurricular Activities					
Salaries	75,000	(11,000)	64,000	61,715	2,285
Supplies and Materials	8,275	(1,432)	6,843	5,440	1,403
Total School Sponsored Cocurricular Activities	83,275	(12,432)	70,843	67,155	3,688
School Sponsored Athletics					
Salaries	35,000		35,000	31,948	3,052
Purchased Services	4,200		4,200	2,924	1,276
Supplies and Materials	8,750	(552)	8,198	6,798	1,400
Other Objects	1,500	-	1,500	505	995
Total School Sponsored Athletics	49,450	(552)	48,898	42,175	6,723
Other Instructional Programs					
Supplies and Materials	550	-	550	538	12
Total Other Instructional Programs	550	-	550	538	12
Total Instruction	5,516,665	103,508	5,620,173	5,599,366	20,807
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	397,000	4,248	401,248	399,912	1,336
Tuition to CSSD & Reg. Day Schools	51,500	4,830	56,330	56,330	
Tuition to Priv. Sch. for the Disabled Within the State	309,801	(81,304)	228,497	228,497	-
Total Undistributed Expenditures - Instruction	758,301	(72,226)	686,075	684,739	1,336

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 195,181	\$ 3,563	\$ 198,744	\$ 198,048	\$ 696
Other Purchased Services	1,275	(475)	800	250	550
Supplies and Materials	8,266	(3,470)	4,796	3,839	957
Other Objects	350	25	375	75	300
Total Health Services	205,072	(357)	204,715	202,212	2,503
Other Support Serv. Students - Related Serv.					
Salaries	286,142	2,294	288,436	288,436	
Purchased Professional-Educational Services	125,255	(4,104)	121,151	121,151	
Supplies and Materials	1,070	(400)	670	670	-
Total Other Support Serv. Students - Related Serv.	412,467	(2,210)	410,257	410,257	-
Other Support Services-Students-Extra Serv.					
Salaries	133,512	(109,462)	24,050	24,050	
Purchased Professional-Educational Services	-	-	-	-	-
Total Other Support Services - Students - Extra Serv.	133,512	(109,462)	24,050	24,050	-
Other Support Services-Students-Regular					
Salaries of Other Professional Staff	112,500	(34,994)	77,506	77,506	
Salaries of Secretarial and Clerical Assistants	51,300	(1,617)	49,683	49,683	
Other Purchased Professional and Tech. Services	40,255	(14,651)	25,604	16,525	9,079
Other Purchased Services	900		900		900
Supplies and Materials	11,466	(3,643)	7,823	4,977	2,846
Other Objects	500	-	500	374	126
Total Other Support Services - Students - Regular	216,921	(54,905)	162,016	149,065	12,951
Other Support Services-Students-Special Services					
Salaries of Other Professional Staff	278,514	36,654	315,168	315,168	
Salaries of Secretarial and Clerical Assistants	41,312	3,598	44,910	44,910	
Other Purchased Professional and Tech. Services	10,000	2,402	12,402	26,777	(14,375)
Misc Purchased Services	4,550	1,400	5,950	5,099	851
Supplies and Materials	6,540	8,536	15,076	14,968	108
Other Objects	-	2,975	2,975	2,975	-
Total Other Support Services - Students - Special Services	340,916	55,565	396,481	409,897	(13,416)
Improvement of Instructional Services					
Salaries of Other Professional Staff	42,500	401	42,901	42,901	
Other Salaries	10,200	3,924	14,124	14,124	
Other Purchased Services	5,000	(3,888)	1,112	1,112	
Supplies and Materials	3,000	(2,751)	249	249	
Other Objects	3,000	(1,769)	1,231	895	336
Total Improvement of Instructional Services	63,700	(4,083)	59,617	59,281	336
Educational Media Services/School Library					
Salaries	245,169	13,400	258,569	258,569	
Purchased Professional and Technical Service	5,400	425	5,825	5,825	
Other Purchased Services	8,850	310	9,160	8,837	323
Supplies and Materials	30,830	(4,093)	26,737	25,440	1,297
Total Educational Media Serv./School Library	290,249	10,042	300,291	298,671	1,620
Instructional Staff Training Services					
Salaries of Other Professional Staff	42,500	8,852	51,352	51,352	
Purchased Professional/Educational Services	55,600	(22,460)	33,140	20,201	12,939
Other Purchased Services	3,700	805	4,505	3,307	1,198
Supplies and Materials	1,900		1,900	607	1,293
Other Objects	1,200	(320)	880	880	-
Total Staff Training Services	104,900	(13,123)	91,777	76,347	15,430

Continued

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 247,188	\$ (15,737)	\$ 231,451	\$ 231,451	
Legal Services	35,000	33,062	68,062	66,648	\$ 1,414
Audit Fees	16,500	3,100	19,600		19,600
Other Purchased Professional Services	26,250	19,251	45,501	43,833	1,668
Communications/Telephone	47,500	3,616	51,116	50,503	613
Other Purchased Services	36,250	(226)	36,024	36,024	
General Supplies	3,000	6,820	9,820	9,427	393
Miscellaneous Expenditures	15,900	(3,669)	12,231	11,292	939
Total Support Services General Administration	427,588	46,217	473,805	449,178	24,627
Support Services School Administration					
Salaries of Principal/Asst. Principals	321,430	(4,741)	316,689	316,689	
Salaries of Secretarial and Clerical Assistants	161,000	292	161,292	161,187	105
Purchased Professional and Technical Services	2,750	(2,000)	750	250	500
Other Purchased Services	23,100	(3,615)	19,485	19,220	265
Supplies and Materials	9,765	2,907	12,672	12,327	345
Other Objects	6,195	(619)	5,576	4,950	626
Total Support Services School Administration	524,240	(7,776)	516,464	514,623	1,841
Support Services Central Services					
Salaries	208,500	(23,954)	184,546	184,546	
Purchased Professional Services	3,000	1,568	4,568	4,568	
Purchased Technical Services	3,000	(18)	2,982	2,982	
Miscellaneous Purchased Services	15,400	1,027	16,427	16,012	415
Supplies and Materials	3,800	6,335	10,135	10,135	
Interest on Current Loans	40,000	31,985	71,985	71,985	
Interest on Lease Purchase Agreements	2,500	1,154	3,654	3,654	
Other Objects	2,200	296	2,496	2,496	-
Total Support Central School Administration	278,400	18,393	296,793	296,378	415
Required Maintenance for School Facilities					
Salaries	90,600	30,246	120,846	120,820	26
Cleaning, Repair and Maintenance Services	54,000	49,084	103,084	102,804	280
General Supplies	12,000	26,044	38,044	38,044	
Other Objects	600	(67)	533	527	6
Total Required Maintenance for School Fac.	157,200	105,307	262,507	262,195	312
Other Operation & Maint. Of Plant					
Salaries	413,500	(33,296)	380,204	380,204	
Purchased Prof. And Technical Serv.	13,000	5,663	18,663	18,663	
Cleaning, Repair and Maint. Serv.	28,700	(10,892)	17,808	17,808	
Other Purchased Property Services	29,500	(8,256)	21,244	21,244	
Insurance	99,500	(4,520)	94,980	94,980	
General Supplies	36,000	(3,661)	32,339	32,339	
Energy	305,000	33,302	338,302	338,302	
Other Objects	500	1,078	1,578	1,578	-
Total Other Operation & Maint. Of Plant	925,700	(20,582)	905,118	905,118	-
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	140,250	19,803	160,053	160,053	
Salaries for Pupil Transportation (Between Home and School) - Special	92,650	5,069	97,719	97,719	
Salaries for Pupil Transportation (Other than Between Home and School)	13,000	14,209	27,209	27,209	
Management Fee - ESC & CTSA Transp. Prog.	8,075	(7,205)	870	870	
Other Purchased Prof. and Technical Serv.	800	(106)	694	694	
Cleaning, Repair and Maintenance Services	37,000	87,162	124,162	124,162	
Lease Purchase Payments - School Buses	51,500	(3,454)	48,046	48,046	
Contracted Services (Bet. Home and Sch)-Vendors	8,000	(4,357)	3,643	3,643	
Contracted Services (Other than Between Home and Sch) - Vendors	2,000	(1,396)	604	604	

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Student Transportation Services (Continued)					
Contracted Services (Spl. Ed. Students) - Vendors	\$ 189,950	\$ (26,504)	\$ 163,446	\$ 163,446	
Contracted Services (Spl. Ed. Students) - Joint Agmts	9,000	(73)	8,927	8,927	
Contracted Services - Aid in Lieu of Payments					
Non-Public	53,000	(5,480)	47,520	47,520	
Contracted Services - Aid in Lieu of Payments					
Charter School	2,870	(2,870)			
Misc. Purchased Serv. - Transportation	17,000	7,342	24,342	24,065	\$ 277
Supplies and Materials	11,800	6,656	18,456	18,456	
Other Objects	750	491	1,241	1,241	-
Total Student Transportation Services	<u>637,645</u>	<u>89,287</u>	<u>726,932</u>	<u>726,655</u>	<u>277</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	150,000	3,645	153,645	153,645	
Other Retirement Contributions - Regular	22,000	19,767	41,767	41,767	
Unemployment Compensation		3,000	3,000	3,000	
Workers Compensation	120,000	(13,311)	106,689	106,689	
Health Benefits	1,681,300	(33,324)	1,647,976	1,647,976	
Tuition Reimbursement	38,000	8,528	46,528	19,758	26,770
Other Employee Benefits	149,200	(35,095)	114,105	114,105	-
Total Unallocated Benefits - Employee Benefits	<u>2,160,500</u>	<u>(46,790)</u>	<u>2,113,710</u>	<u>2,086,940</u>	<u>26,770</u>
On-behalf TPAF Pension Payments -					
Normal Cost (Non-Budget)				62,743	(62,743)
On-behalf TPAF Pension Payments -					
Post Retirement Medical (Non-Budget)				514,712	(514,712)
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	472,578	(472,578)
Total Undistributed Expenditures	<u>7,637,311</u>	<u>(6,703)</u>	<u>7,630,608</u>	<u>8,605,639</u>	<u>(975,031)</u>
Transfer to Charter Schools	<u>8,063</u>	<u>(3,643)</u>	<u>4,420</u>	<u>4,152</u>	<u>268</u>
Total Expenditures - Current Expenditures	<u>13,162,039</u>	<u>93,162</u>	<u>13,255,201</u>	<u>14,209,157</u>	<u>(953,956)</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Grades 1-5					
Grades 6-8	10,000	(3,526)	6,474	6,473	1
Undistributed Expenditures:					
Instruction		2,416	2,416	2,416	
Operations and Maint. Of Plant Serv.	-	18,050	18,050	8,050	10,000
Total Equipment	<u>10,000</u>	<u>16,940</u>	<u>26,940</u>	<u>16,939</u>	<u>10,001</u>
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services		8,950	8,950	17,590	(8,640)
Construction Services		97,564	97,564	112,564	(15,000)
Lease Purchase Agreements - Principal	21,000	-	21,000	20,988	12
Total Facilities Acquis. and Const. Services	<u>21,000</u>	<u>106,514</u>	<u>127,514</u>	<u>151,142</u>	<u>(23,628)</u>
Total Capital Outlay	<u>31,000</u>	<u>123,454</u>	<u>154,454</u>	<u>168,081</u>	<u>(13,627)</u>
Total Expenditures	<u>13,193,039</u>	<u>216,616</u>	<u>13,409,655</u>	<u>14,377,238</u>	<u>(967,583)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	<u>(7,295)</u>	<u>(216,616)</u>	<u>(223,911)</u>	<u>(11,109)</u>	<u>212,802</u>

FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Other Financing Sources (Uses)					
Operating Transfers In - Capital Projects Fund	-	-	-	\$ 26,024	\$ 26,024
Total Other Financing Sources (Uses)	-	-	-	26,024	26,024
Excess (Deficiency) of Revenues Over/(Under)					
Expenditures and Other Financing Sources	\$ (7,295)	\$ (216,616)	\$ (223,911)	14,915	238,826
Fund Balance, Beginning of Year	546,315	-	546,315	546,315	-
Fund Balance, End of Year	<u>\$ 539,020</u>	<u>\$ (216,616)</u>	<u>\$ 322,404</u>	<u>\$ 561,230</u>	<u>\$ 238,826</u>

**Recapitulation of Fund Balance**

Reserved for Encumbrances	\$ 71,553
Capital Reserve	202,147
Unreserved - Designated for Subsequent Year's Expenditures	100,000
Unreserved, Undesignated	<u>187,530</u>
Reconciliation to Governmental Funds Statements (GAAP):	561,230
Less: State Aid Revenue Not Recognized on GAAP Basis	<u>(119,931)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 441,299</u>

**FLORHAM PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 228,577	\$ 53,418	\$ 281,995	\$ 244,477	\$ (37,518)
State	85,670	36,222	121,892	78,034	(43,858)
Local	-	40,000	40,000	40,000	-
	<u>314,247</u>	<u>129,640</u>	<u>443,887</u>	<u>362,511</u>	<u>(81,376)</u>
Total Revenues					
	<u>314,247</u>	<u>129,640</u>	<u>443,887</u>	<u>362,511</u>	<u>(81,376)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	18,000	1,500	19,500	19,195	305
Purchased Professional Technical Services	32,526	36,369	68,895	28,092	40,803
Tuition	161,654	21,070	182,724	182,111	613
General Supplies	14,048		14,048	13,017	1,031
Textbooks	17,382	-	17,382	16,358	1,024
	<u>243,610</u>	<u>58,939</u>	<u>302,549</u>	<u>258,773</u>	<u>43,776</u>
Total Instruction					
	<u>243,610</u>	<u>58,939</u>	<u>302,549</u>	<u>258,773</u>	<u>43,776</u>
Support Services					
Personal Services-Employee Benefits	5,475		5,475		5,475
Purchased Professional/Educational Services	44,595	30,701	75,296	43,171	32,125
Other Purchased Services	20,567	-	20,567	20,567	-
	<u>70,637</u>	<u>30,701</u>	<u>101,338</u>	<u>63,738</u>	<u>37,600</u>
Total Support Services					
	<u>70,637</u>	<u>30,701</u>	<u>101,338</u>	<u>63,738</u>	<u>37,600</u>
Facilities Acquisition and Construction Services					
Noninstructional Equipment	-	40,000	40,000	40,000	-
	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total Expenditures					
	<u>314,247</u>	<u>129,640</u>	<u>443,887</u>	<u>362,511</u>	<u>81,376</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**FLORHAM PARK BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 14,366,129	(C-2) \$ 362,511
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2005		5,938
Encumbrances, June 30, 2006		
State Aid payment recognized for budgetary purpose not recognized for GAAP statements (2004/05 State aid)	161,134	
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2005/06 State aid)	<u>(119,931)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>14,407,332</u>	(B-2) \$ <u>368,449</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 14,377,238	(C-2) \$ 362,511
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2005		5,938
Encumbrances, June 30, 2006	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>14,377,238</u>	(B-2) \$ <u>368,449</u>

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

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**SPECIAL REVENUE FUND**



**FLORHAM PARK BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>IDEA</u>		<u>IDEA</u>		<u>IDEIA</u>	<u>NCLB</u>		<u>NCLB</u>	<u>Total</u>		<u>2006</u>
	<u>Part B</u>	<u>Basic</u>	<u>Part B</u>	<u>Basic</u>	<u>Part B</u>	<u>Title IIA</u>	<u>Title II</u>	<u>Carryover</u>	<u>Exhibit</u>	<u>Exhibit</u>	
	<u>2004/05</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2003/04</u>	<u>Preschool</u>				<u>E-1A</u>	<u>E-1B</u>	
	<u>Carryover</u>	<u>Carryover</u>									
<b>REVENUES</b>											
Intergovernmental											
Federal	\$ 173,550	\$ 10,319	\$ 19,150	\$ 8,561	\$ 23,134	\$ 1,232	\$ 8,531	\$ 244,477			
State	-	-	-	-	-	-	3,056	74,978			
Local	-	-	-	-	-	-	-	40,000			
Total Revenues	\$ 173,550	\$ 10,319	\$ 19,150	\$ 8,561	\$ 23,134	\$ 1,232	\$ 11,587	\$ 114,978	\$ 362,511		
<b>EXPENDITURES</b>											
Instruction											
Salaries of Teachers						\$ 19,195	\$ 335	\$ 27,757	\$ 19,195		
Purchased Prof. and Technical Services									28,092		
Other Purchased Services											
Tuition	\$ 173,550		\$ 8,561				2,721	10,296	182,111		
General Supplies	-	-	-	-	-	-	-	16,358	13,017		
Textbooks	-	-	-	-	-	-	-	-	16,358		
Total Instruction	173,550	-	-	8,561	19,195	-	3,056	54,411	258,773		
Support Services											
Personnel Services - Employee Benefits											
Purchased Professional/Educational Services	\$ 10,319	\$ 19,150	3,939	\$ 1,232	8,531			20,567	43,171		
Other Purchased Services	-	-	-	-	-	-	-	-	20,567		
Total Support Services	10,319	19,150	3,939	1,232	8,531			20,567	63,738		
Facilities Acquisition and Construction Services											
Noninstructional Equipment	-	-	-	-	-	-	-	40,000	40,000		
Total Facilities Acquisition and Const. Svc	-	-	-	-	-	-	-	40,000	40,000		
Total Expenditures	\$ 173,550	\$ 10,319	\$ 19,150	\$ 8,561	\$ 23,134	\$ 1,232	\$ 11,587	\$ 114,978	\$ 362,511		

**FLORHAM PARK BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

REVENUES														
Intergovernmental														
Federal	\$ 2,120	\$ 1,634	\$ 154	\$ 406	\$ 2,114	\$ 2,103	\$ 335	\$ 2,721					\$ 8,531	
State	-	-	-	-	-	-	-	-					3,056	
Local	-	-	-	-	-	-	-	-					-	
Total Revenues	\$ 2,120	\$ 1,634	\$ 154	\$ 406	\$ 2,114	\$ 2,103	\$ 335	\$ 2,721					\$ 11,587	
EXPENDITURES														
Instruction														
Salaries of Teachers							\$ 335						335	
Purchased Prof. and Technical Services														
Other Purchased Services														
Tuition								\$ 2,721					2,721	
General Supplies													-	
Textbooks													-	
Total Instruction	-	-	-	-	-	-	335	2,721					3,056	
Support Services														
Personnel Services - Employee Benefits													8,531	
Purchased Professional/Educational Services	\$ 2,120	\$ 1,634	\$ 154	\$ 406	\$ 2,114	\$ 2,103	-	-					-	
Other Purchased Services	-	-	-	-	-	-	-	-					-	
Total Support Services	2,120	1,634	154	406	2,114	2,103	-	-					8,531	
Facilities Acquisition and Construction Services														
Noninstructional Equipment	-	-	-	-	-	-	-	-					-	
Total Facilities Acquisition and Const. Svc	-	-	-	-	-	-	-	-					-	
Total Expenditures	\$ 2,120	\$ 1,634	\$ 154	\$ 406	\$ 2,114	\$ 2,103	\$ 335	\$ 2,721					\$ 11,587	

**FLORHAM PARK BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Nonpublic Compensatory Instruction</u>	<u>Nonpublic Corrective Speech</u>	<u>Nonpublic Handicapped Services Exam. &amp; Supplemental Classification Instruction</u>	<u>Home Instruction</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Technology</u>	<u>PTA Playground</u>	<u>Total E-1B</u>
<b>REVENUES</b>									
Intergovernmental									
Federal									
State	\$ 7,021	\$ 3,720	\$ 7,475	\$ 9,003	\$ 20,567	\$ 16,358	\$ 10,296	\$ 40,000	\$ 74,978
Local	-	-	-	-	-	-	-	-	40,000
<b>Total Revenues</b>	<u>\$ 7,021</u>	<u>\$ 3,720</u>	<u>\$ 7,475</u>	<u>\$ 9,003</u>	<u>\$ 20,567</u>	<u>\$ 16,358</u>	<u>\$ 10,296</u>	<u>\$ 40,000</u>	<u>\$ 114,978</u>
<b>EXPENDITURES</b>									
Instruction									
Salaries of Teachers	\$ 7,021	\$ 3,720	\$ 7,475	\$ 9,003	\$ 538				\$ 27,757
Purchased Prof. and Technical Services									
Other Purchased Services									
Tuition									
General Supplies									
Textbooks	-	-	-	-	-	\$ 16,358	\$ 10,296	-	10,296
									16,358
<b>Total Instruction</b>	<u>7,021</u>	<u>3,720</u>	<u>7,475</u>	<u>9,003</u>	<u>538</u>	<u>16,358</u>	<u>10,296</u>	<u>-</u>	<u>54,411</u>
Support Services									
Personnel Services - Employee Benefits									
Purchased Professional/Educational Services									
Other Purchased Services	-	-	-	-	\$ 20,567	-	-	-	20,567
<b>Total Support Services</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,567</u>
Facilities Acquisition and Construction Services									
Noninstructional Equipment	-	-	-	-	-	-	-	\$ 40,000	40,000
<b>Total Facilities Acquisition and Const. Svc</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>
<b>Total Expenditures</b>	<u>\$ 7,021</u>	<u>\$ 3,720</u>	<u>\$ 7,475</u>	<u>\$ 9,003</u>	<u>\$ 538</u>	<u>\$ 16,358</u>	<u>\$ 10,296</u>	<u>\$ 40,000</u>	<u>\$ 114,978</u>



**FLORHAM PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF DEMONSTRABLY EFFECTIVE PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOT APPLICABLE**

**SCHEDULE OF EARLY CHILDHOOD PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOT APPLICABLE**

**SCHEDULE OF DISTANCE LEARNING NETWORK AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOT APPLICABLE**

**SCHEDULE OF INSTRUCTIONAL SUPPLEMENT AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**



**FLORHAM PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**Revenues and Other Financing Sources**

Revenues	
Interest	\$ 5,973
State Sources- SCC Grant	50,577
Other Financing Sources	
Capital Lease Proceeds	181,986
Premium on Note	<u>20,051</u>
Total Revenues and Other Financing Sources	<u>258,587</u>

**Expenditures and Other Financing Uses**

Expenditures	
Purchased Professional and Technical Services	3,300
Construction Services	130,158
Equipment Purchases	181,986
Other Financing Uses	
Transfers Out - General Fund	<u>26,024</u>
Total Expenditures and Other Financing Uses	<u>341,468</u>

Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(82,881)
Fund Balance- Beginning of Year	<u>89,800</u>
Fund Balance- End of Year	<u>\$ 6,919</u>

**FLORHAM PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

<u>Issue/Project Title</u>	<u>Expenditures to Date</u>			<u>Unexpended Balance, June 30, 2006</u>
	<u>Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	
Briarwood Multipurpose Room	\$ 162,600	\$ 17,825	\$ 133,458	\$ 11,317
Acquisition of Bus	50,004		50,004	
Acquisition and Installation of Phone System	131,982	-	131,982	-
	<u>\$ 344,586</u>	<u>\$ 17,825</u>	<u>\$ 315,444</u>	<u>\$ 11,317</u>
			Less: Unrealized Revenue	<u>\$ 4,398</u>
			Fund Balance, June 30, 2006	<u>\$ 6,919</u>

Analysis of Project Funding Sources

Briarwood Multipurpose Room	
State Facilities Grant	\$ 61,741
Transfer from Capital Reserve	100,859
	<u>\$ 162,600</u>
Acquisition of Bus	
Lease - Purchase Proceeds	<u>\$ 50,004</u>
Acquisition and Installation of Phone System	
Lease - Purchase Proceeds	<u>\$ 131,982</u>

**ENTERPRISE FUND**



**FLORHAM PARK BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b><u>Food Service</u></b>	<b><u>Enrichment Program</u></b>	<b><u>Total</u></b>
<b>ASSETS</b>			
Intergovernmental Receivable, Net Federal	\$ 525	-	\$ 525
Total Current Assets	525	-	525
Capital Assets			
Equipment	100,496		100,496
Accumulated Depreciation	97,261	-	97,261
Total Capital Assets	3,235	-	3,235
Total Assets	3,760	-	3,760
<b>LIABILITIES</b>			
Due to Other Funds	2,269	\$ 5,206	7,475
<b>NET ASSETS</b>			
Invested in Capital Assets	3,235		3,235
Unrestricted	(1,744)	(5,206)	(6,950)
Total Net Assets	\$ 1,491	\$ (5,206)	\$ (3,715)



**FLORHAM PARK BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b><u>Food Service</u></b>	<b><u>Enrichment Program</u></b>	<b><u>Total</u></b>
<b>OPERATING REVENUES</b>			
Local Sources			
Daily Sales	\$ 8,615	-	8,615
Total Operating Revenues	8,615	-	8,615
<b>OPERATING EXPENSES</b>			
Cost of Sales	11,332		11,332
Salaries and Benefits	6,054	\$ 5,111	11,165
Purchased Management Services			
General Supplies	3,108	95	3,203
Rental of Building			
Depreciation	913	-	913
Total Operating Expenses	21,407	5,206	26,613
Operating Loss	(12,792)	(5,206)	(17,998)
<b>Nonoperating Revenues</b>			
Federal Sources			
National School Lunch Program	6,624	-	6,624
Total Nonoperating Revenues	6,624	-	6,624
Changes in Net Assets	(6,168)	(5,206)	(11,374)
Total Net Assets, Beginning of Year	7,232	-	7,232
Prior Year Adjustment	427	-	427
Total Net Assets, End of Year	\$ 1,491	\$ (5,206)	\$ (3,715)

**FLORHAM PARK BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b><u>Food Service</u></b>	<b><u>Enrichment Program</u></b>	<b><u>Total</u></b>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 8,615		\$ 8,615
Cash Payments for Employee Salaries			
Salaries & Benefits	(6,054)	\$ (5,111)	(11,165)
Cash Payments to Suppliers for Goods and Services	<u>(14,440)</u>	<u>(95)</u>	<u>(14,535)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(11,879)</u>	<u>(5,206)</u>	<u>(17,085)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal			
Subsidy Reimbursements	6,502		6,502
Cash Received from Other Funds	<u>2,269</u>	<u>5,206</u>	<u>7,475</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>8,771</u>	<u>5,206</u>	<u>13,977</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,108)		(3,108)
Cash and Cash Equivalents, Beginning of Year	<u>3,108</u>	<u>-</u>	<u>3,108</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash			
Provided by (Used for) Operating Activities			
Operating Income (Loss)	\$ (12,792)	\$ (5,206)	\$ (17,998)
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (Used for) Operating Activities			
Depreciation	<u>913</u>	<u>-</u>	<u>913</u>
Total Adjustments	<u>913</u>	<u>-</u>	<u>913</u>
Net Cash Provided by/(Used For) Operating Activities	<u>\$ (11,879)</u>	<u>\$ (5,206)</u>	<u>\$ (17,085)</u>

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## **FIDUCIARY FUNDS**



**FLORHAM PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2006**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 22,827	\$ 20,344	\$ 43,171
Total Assets	<u>\$ 22,827</u>	<u>\$ 20,344</u>	<u>\$ 43,171</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 18,952	\$ 18,952
Due to Other Funds		1,392	1,392
Due to Student Groups	\$ 22,827	<u>-</u>	<u>22,827</u>
Total Liabilities	<u>\$ 22,827</u>	<u>\$ 20,344</u>	<u>\$ 43,171</u>

**FLORHAM PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>Balance, July 1, 2005</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2006</u>
ELEMENTARY SCHOOLS				
Briarwood	\$ 2,306	\$ 7,388	\$ 7,260	\$ 2,434
Brooklake	2,523	11,063	11,601	1,985
MIDDLE SCHOOLS				
Ridgedale Athletics	251	4,200	4,451	
Ridgedale	<u>24,042</u>	<u>96,602</u>	<u>102,236</u>	<u>18,408</u>
Total All Schools	<u>\$ 29,122</u>	<u>\$ 119,253</u>	<u>\$ 125,548</u>	<u>\$ 22,827</u>

**FLORHAM PARK BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<b>Balance, July 1, <u>2005</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2006</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 19,363	\$ 3,557,014	\$ 3,557,425	\$ 18,952
Accrued Salaries and Wages		5,378,148	5,378,148	
Due to Other Funds	<u>16,813</u>	<u>1,905</u>	<u>17,326</u>	<u>1,392</u>
Total	<u>\$ 36,176</u>	<u>\$ 8,937,067</u>	<u>\$ 8,952,899</u>	<u>\$ 20,344</u>



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## **LONG-TERM DEBT**



**FLORHAM PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2005</u>	<u>Matured</u>	<u>Balance, June 30, 2006</u>
School District Bonds - Series 1994	12/15/1994	\$ 4,950,000	12/15/2006	\$ 410,000	6.15 %			
			12/15/07-09	410,000	6.20	\$ 2,040,000	\$ 400,000	\$ 1,640,000
School District Bonds - Series 2002	7/15/2002	10,940,000	7/15/2006	75,000	4.20			
			7/15/2007	105,000	4.20			
			7/15/2008	135,000	4.20			
			7/15/2009	165,000	4.20			
			7/15/2010	605,000	4.20			
			7/15/2011	635,000	4.20			
			7/15/2012	665,000	4.30			
			7/15/2013	695,000	4.30			
			7/15/2014	725,000	4.30			
			7/15/2015	760,000	4.30			
			7/15/2016	795,000	4.40			
			7/15/2017	830,000	4.40			
			7/15/2018	870,000	4.50			
			7/15/2019	905,000	4.60			
			7/15/2020	945,000	4.70			
			7/15/2021	950,000	4.75			
			7/15/2022	960,000	4.75			
						<u>10,880,000</u>	<u>60,000</u>	<u>10,820,000</u>
						<u>\$ 12,920,000</u>	<u>\$ 460,000</u>	<u>\$ 12,460,000</u>

**FLORHAM PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, June 30, 2005</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2006</u>
2000 Lighting Retrofit Project	\$ 129,336	\$ 42,934		\$ 20,791	\$ 22,143
2003 Bus - 54 Passenger	54,841	11,489		11,489	
2003 Bus - 24 Passenger	40,024	8,384		8,384	
2004 Bus - 54 Passenger	60,575	36,736		11,956	24,780
2004 Ford F350 Utility Trucks (2)	46,470	37,121		8,865	28,256
2006 Bus - 54 Passenger, 2004 Ford F350 Pickup Truck, 2005 Dodge Caravan SE	101,062	101,062		20,462	80,600
Installation of Telecommunications / Public Address / Voice Mail Systems	131,982		\$ 131,982		131,982
2006 Bus - 24 Passenger	50,004	<u>-</u>	<u>50,004</u>	<u>-</u>	<u>50,004</u>
		<u>\$ 237,726</u>	<u>\$ 181,986</u>	<u>\$ 81,947</u>	<u>\$ 337,765</u>

**FLORHAM PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

<b>REVENUES</b>	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Local Sources					
Local Tax Levy	\$ 1,055,500	-	\$ 1,055,500	\$ 1,055,500	-
Total Revenues	1,055,500	-	1,055,500	1,055,500	-
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	460,000		460,000	460,000	
Interest	595,501	-	595,501	595,500	\$ 1
Total Expenditures	1,055,501	-	1,055,501	1,055,500	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	-	(1)	-	1
Fund Balance, Beginning of Year	2	-	2	2	-
Fund Balance, End of Year	\$ 1	\$ -	\$ 1	\$ 2	\$ 1

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## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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





EXHIBIT J-1

FLORHAM PARK BOARD OF EDUCATION  
NET ASSETS BY COMPONENT  
LAST THREE FISCAL YEARS

(Unaudited)

(accrual basis of accounting)

	2004	2005	2006
Governmental activities			
Invested in capital assets, net of related debt	\$ 6,784,337	\$ 6,852,751	\$ 6,762,118
Restricted	114,565	104,339	209,068
Unrestricted	38,335	(212,420)	(374,914)
Total governmental activities net assets	<u>\$ 6,937,237</u>	<u>\$ 6,744,670</u>	<u>\$ 6,596,272</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 5,405	\$ 3,721	\$ 3,235
Restricted			(6,950)
Unrestricted	5,345	3,511	
Total business-type activities net assets	<u>\$ 10,750</u>	<u>\$ 7,232</u>	<u>\$ (3,715)</u>
District-wide			
Invested in capital assets, net of related debt	\$ 6,789,742	\$ 6,856,472	\$ 6,765,353
Restricted	114,565	104,339	209,068
Unrestricted	43,680	(208,909)	(381,864)
Total district net assets	<u>\$ 6,947,987</u>	<u>\$ 6,751,902</u>	<u>\$ 6,592,557</u>

Note:

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

**FLORHAM PARK BOARD OF EDUCATION**  
**CHANGES IN NET ASSETS**  
**LAST THREE FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	2004	2005	2006
<b>Expenses</b>			
Governmental Activities			
Instruction			
Regular	\$ 5,474,587	\$ 5,521,996	\$ 5,809,031
Special Education	1,752,336	2,455,940	2,554,818
Other Instruction	83,181	70,221	69,663
School Sponsored Activities and Athletics	163,886	129,699	139,489
Support Services:			
Student & Instruction Related Services	1,566,051	1,817,140	2,250,544
General Administrative Services	762,681	557,374	548,193
School Administrative Services	833,658	654,996	721,807
Central Services/Business Services	326,534	250,832	292,896
Plant Operations and Maintenance	1,605,918	1,928,465	1,994,220
Pupil Transportation	554,681	773,436	826,229
Interest on Long-Term Debt	657,338	688,584	665,301
Total Governmental Activities Expenses	<u>13,780,851</u>	<u>14,848,683</u>	<u>15,872,191</u>
Business-Type Activities:			
Food Service	12,440	19,694	21,407
Enrichment Program			5,206
Total Business-Type Activities Expense	<u>12,440</u>	<u>19,694</u>	<u>26,613</u>
Total District Expenses	<u>\$ 13,793,291</u>	<u>\$ 14,868,377</u>	<u>\$ 15,898,804</u>
<b>Program Revenues</b>			
Governmental Activities:			
Charges for Services:			
Pupil Transportation	\$ 34,870	\$ 42,363	\$ 42,853
Operating Grants and Contributions	1,851,096	2,014,423	2,201,960
Capital Grants and Contributions	1,802,012	65,157	90,577
Total Governmental Activities Program Revenues	<u>3,687,978</u>	<u>2,121,943</u>	<u>2,335,390</u>
Business-type activities:			
Charges for Services			
Food Service	8,544	8,700	8,615
Enrichment Program			
Operating Grants and Contributions	5,491	7,476	6,624
Total Business Type Activities Program Revenues	<u>14,035</u>	<u>16,176</u>	<u>15,239</u>
Total District Program Revenues	<u>\$ 3,702,013</u>	<u>\$ 2,138,119</u>	<u>\$ 2,350,629</u>
<b>Net (Expense)/Revenue</b>			
Governmental Activities	\$ (10,092,873)	\$ (12,726,740)	\$ (13,536,801)
Business-Type Activities	1,595	(3,518)	(11,374)
Total District-Wide Net Expense	<u>\$ (10,091,278)</u>	<u>\$ (12,730,258)</u>	<u>\$ (13,548,175)</u>

**FLORHAM PARK BOARD OF EDUCATION**  
**CHANGES IN NET ASSETS**  
**LAST THREE FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental Activities:			
Property Taxes Levied for General Purposes, Net	\$ 10,771,768	\$ 11,307,037	\$ 12,359,375
Property Taxes Levied for Debt Service	782,824	1,061,420	1,055,500
Unrestricted Aid, Grants and Contributions	45,355	112,719	71,994
Investment Earnings	52,275	22,755	25,864
Miscellaneous Income	10,431	30,242	39,708
Transfers	-	-	-
Total Governmental Activities	<u>11,662,653</u>	<u>12,534,173</u>	<u>13,552,441</u>
Business-Type Activities:			
Investment Earnings			
Food Service			
Transfers	-	-	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 11,662,653</u>	<u>\$ 12,534,173</u>	<u>\$ 13,552,441</u>
<b>Special Items</b>			
Governmental Activities:			
Loss on Disposal of Assets	-	-	\$ (164,038)
Total Governmental Activities	<u>-</u>	<u>-</u>	<u>(164,038)</u>
<b>Change in Net Assets</b>			
Governmental Activities	\$ 1,569,780	\$ (192,567)	\$ (148,398)
Business-Type Activities	1,595	(3,518)	(11,374)
Total District	<u>\$ 1,571,375</u>	<u>\$ (196,085)</u>	<u>\$ (159,772)</u>

## Note:

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

EXHIBIT J-3

FLORHAM PARK BOARD OF EDUCATION  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST THREE FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	2004	2005	2006
General Fund			
Reserved	\$ 330,087	\$ 69,676	\$ 273,700
Unreserved	464,703	315,505	167,599
Total General Fund	<u>\$ 794,790</u>	<u>\$ 385,181</u>	<u>\$ 441,299</u>
All Other Governmental Funds			
Reserved	\$ 186,634	\$ 130,308	
Unreserved	(23,600)	(40,506)	\$ 6,921
Total all other governmental funds	<u>\$ 163,034</u>	<u>\$ 89,802</u>	<u>\$ 6,921</u>

Note:

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

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Revenues</b>			
Tax Levy	\$ 11,554,592	\$ 12,368,457	\$ 13,414,875
Transportation	34,870	42,363	42,853
Interest Earnings	52,275	22,755	25,864
Miscellaneous	10,431	30,242	79,708
State Sources	3,525,231	1,982,174	2,074,304
Federal Sources	173,232	210,125	250,227
Total Revenue	<u>15,350,631</u>	<u>14,656,116</u>	<u>15,887,831</u>
<b>Expenditures</b>			
Instruction			
Regular Instruction	5,487,472	5,513,212	5,736,178
Special Education Instruction	1,798,502	2,494,494	2,532,878
Other instruction	83,181	70,221	69,663
School Sponsored Activities/Athletics	161,082	128,311	139,489
Support Services:			
Student & Inst. Related Services	1,578,352	1,844,327	2,232,447
General Administrative Services	688,285	537,630	621,725
School Administrative Services	810,201	641,633	690,572
Central Services/Business Services	323,466	249,263	292,790
Plant Operations and Maintenance	1,179,549	1,407,771	1,321,457
Pupil Transportation	602,009	728,077	762,817
Capital Outlay	9,304,105	430,206	502,537
Debt Service:			
Principal	350,000	552,885	541,947
Interest and Other Charges	644,580	674,513	672,131
Total Expenditures	<u>23,010,784</u>	<u>15,272,543</u>	<u>16,116,631</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	(7,660,153)	(616,427)	(228,800)

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

	2004	2005	2006
<b>Other Financing sources (uses)</b>			
Capital Leases (Non-Budgeted)	\$ 107,045	\$ 101,062	181,986
Premium on Notes	17,537	32,524	20,051
Transfers In	51,808	136,308	26,024
Transfers Out	(51,808)	(136,308)	(26,024)
Total Other Financing Sources (Uses)	<u>124,582</u>	<u>133,586</u>	<u>202,037</u>
Net Change in Fund Balances	<u>\$ (7,535,571)</u>	<u>\$ (482,841)</u>	<u>\$ (26,763)</u>
Debt Service as a Percentage of Noncapital Expenditures	7.26%	8.27%	7.78%

\* Noncapital expenditures are total expenditures less capital outlay.

Note:

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest</u>	<u>Tuition</u>	<u>Transportation Fees</u>	<u>Prior Year Reimbursements</u>	<u>Prior Year Orders Canceled</u>	<u>Cancel Old Outstanding Checks</u>	<u>Miscellaneous</u>	<u>Total</u>
1997	\$ 88,891	\$ 13,500			\$ 3,358		\$ 24,423	\$ 130,172
1998	76,547	14,500					22,798	113,845
1999	70,098	18,423			15,226		12,816	116,563
2000	42,813	31,130					9,662	83,605
2001	35,546	54,723			10,390		1,234	101,893
2002	29,327	12,998			46,634	\$ 19,745	48,726	157,430
2003	20,539	21,200	\$ 35,216				19,249	96,204
2004	18,004		34,870				10,431	63,305
2005	19,802		42,363	\$ 15,117	568	1,539	13,018	92,407
2006	19,891		42,853	8,030	15,340		16,338	102,452



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

Calendar Year	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct Local School Tax Rate <sup>a</sup>
1997	\$ 43,712,049	\$ 762,482,000		\$ 119,800	\$ 316,262,700	\$239,715,900		\$ 1,362,292,449	6,001,055	\$ 1,368,293,504	\$1,486,144,785	0.54
1998	35,140,149	764,762,900		119,800	360,297,200	191,901,400		1,352,521,449	6,349,580	1,358,871,029	1,450,727,460	0.57
1999	33,662,399	767,046,400		119,800	446,360,850	164,708,400		1,411,897,849	5,396,199	1,417,294,048	1,525,901,490	0.58
2000	49,020,400	774,877,800		119,800	471,038,700	156,398,600		1,451,455,300	3,874,523	1,455,329,823	1,663,221,989	0.59
2001	39,558,800	783,740,700		119,800	476,053,400	156,135,600		1,494,709,200	3,890,162	1,498,599,362	1,840,681,818	0.60
2002	31,365,100	788,349,600		119,800	507,852,400	153,732,700	\$ 39,100,900	1,549,923,900	3,803,713	1,553,727,613	2,190,776,583	0.63
2003	29,406,600	794,442,000		119,800	516,463,200	153,875,200	68,484,300	1,588,381,900	3,612,857	1,591,994,757	2,384,206,830	0.69
2004	35,821,900	798,733,500		119,800	520,540,800	139,784,900	94,075,100	1,589,076,000	3,227,999	1,592,303,999	2,612,040,618	0.76
2005	37,898,500	804,072,800		119,800	517,707,600	139,829,100	86,852,200	1,586,480,000	2,706,314	1,589,186,314	2,843,114,880	0.80
2006 <sup>b</sup>	72,140,300	1,963,783,600	\$ 716,800	119,800	868,630,200	229,991,100	161,878,700	3,297,260,500	4,552,436	3,301,812,936	2,976,989,614	0.41

Source: County Abstract of Rates

<sup>a</sup> Tax rates are per \$100<sup>b</sup> Borough undertook a revaluation of real property effective for calendar year 2006.

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

Calendar Year	Total Direct School Tax Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate				
	Florham Park Local School District	Hanover Park Regional High School District	Municipality of Florham Park	Morris County						
1997	\$	0.54	\$	0.34	\$	0.40	\$	0.34	\$	1.62
1998		0.57		0.33		0.42		0.32		1.64
1999		0.58		0.31		0.42		0.28		1.59
2000		0.59		0.31		0.44		0.36		1.70
2001		0.60		0.32		0.46		0.37		1.75
2002		0.63		0.33		0.47		0.40		1.83
2003		0.69		0.34		0.49		0.44		1.96
2004		0.76		0.36		0.51		0.47		2.10
2005		0.80		0.39		0.59		0.47		2.25
2006	(A)	0.41		0.20		0.32		0.22		1.15

Source: County Abstract of Ratables

(A) The Borough undertook a revaluation of real property effective for calendar year 2006.

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

Taxpayer	2006 (A)		1997	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Campus Drive LLC	\$ 112,458,800	3.41%	\$ 77,247,400	5.65%
Park Ave Realty	109,410,200	3.31%		
Well Reit	103,078,100	3.12%		
Exxon Mobil	84,715,100	2.57%	26,168,600	1.91%
Avalonbay Cumming	65,369,900	1.98%		
LH Florham Holding	65,132,800	1.97%		
71 Hanover FPK-Assoc.	30,013,500	0.91%		
Kull Bren	29,660,600	0.90%		
Columbia Corp. Ctr.	26,489,000	0.80%		
Asco Mfg.	25,620,300	0.77%		
Automatic Switch			154,645,824	11.30%
TR Koll			36,417,900	2.66%
Fairleigh Dickinson Univ.			28,720,000	2.10%
Exxon Research			22,772,600	1.67%
Prudential Ins. Co.			19,200,000	1.40%
500 Columbia Tpke. Assoc.			16,965,500	1.24%
Connecticut General Life Ins. Co.			10,541,500	0.77%
Ohaus Scale			7,350,000	0.54%
	<u>\$ 651,948,300</u>	<u>19.74%</u>	<u>\$ 400,029,324</u>	<u>7.56%</u>

Source: Municipal Tax Assessor

(A) The Borough undertook a revaluation of real property effective for calendar year 2006.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
1997	\$ 7,331,806	\$ 7,331,806	100%	-
1998	7,552,937	7,552,937	100%	-
1999	7,939,569	7,939,569	100%	-
2000	8,392,863	8,392,863	100%	-
2001	8,818,316	8,818,316	100%	-
2002	9,085,149	9,085,149	100%	-
2003	10,339,185	10,339,185	100%	-
2004	11,554,592	11,554,592	100%	-
2005	12,368,457	12,368,457	100%	-
2006	13,414,875	13,414,875	100%	-

EXHIBIT J-10

FLORHAM PARK BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TWO FISCAL YEARS  
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities				Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Grant Anticipation Notes				
2005	\$ 12,920,000	\$ 237,726	\$ 2,898,734	\$	16,056,460	12,626	\$ 1,272
2006	12,460,000	337,765	2,607,404		15,405,169	12,626	1,220

Source: District records

Note:

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

**FLORHAM PARK BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property (A)	Per Capita
	General Obligation Bonds	Deductions			
1997	\$ 4,510,000		\$ 4,510,000	0.33 %	\$ 498
1998	4,265,000		4,265,000	0.31	470
1999	3,995,000		3,995,000	0.28	440
2000	3,715,000		3,715,000	0.26	361
2001	3,420,000		3,420,000	0.23	280
2002	3,100,000		3,100,000	0.20	253
2003	13,710,000		13,710,000	0.86	1,095
2004	13,360,000		13,360,000	0.84	1,064
2005	12,920,000		12,920,000	0.81	1,023
2006	12,460,000		12,460,000	0.38	987

Source: District records

(A) The Borough undertook a revaluation of real property effective for calendar year 2006.

**FLORHAM PARK BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2005  
(Unaudited)**

**Total Debt**

Municipal Debt: (1)	
Florham Park Board of Education (as of June 30, 2006)	\$ 13,028,094
Regional High School - Florham Park's Share	10,007,920
Borough of Florham Park	<u>12,654,000</u>
	<u>35,690,014</u>
Overlapping Debt Apportioned to the Municipality:	
Morris County: (2)	
County of Morris (A)	<u>9,378,796</u>
	<u>9,378,796</u>
Total Direct and Overlapping Debt	<u><u>\$ 45,068,810</u></u>

## Source:

- (1) Borough of Florham Park's 2005 Annual Debt Statement  
(2) Morris County's 2005 Annual Debt Statement  
(A) The debt for this entity was apportioned by dividing the municipality's 2005 equalized value by the total 2005 equalized value for Morris County.

**FLORHAM PARK BOARD OF EDUCATION  
LEGAL DEBT MARTIN INFORMATION  
LAST EIGHT FISCAL YEARS**

**Legal Debt Margin Calculation for Fiscal Year 2006**

	Equalized valuation basis							
	2003	\$ 2,612,040,618						
	2004	2,827,034,336						
	2005	2,943,376,623						
		<u>\$ 8,382,451,577</u>						
		<u>\$ 2,794,150,526</u>						
		\$ 83,824,516						
		<u>13,028,094</u>						
		<u>\$ 70,796,422</u>						

Source: Annual Debt Statements

## Note:

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



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

Borough of Florham Park

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
1997	9,061	\$ 44,156	3.3%
1998	9,073	47,975	2.8%
1999	9,089	49,647	2.8%
2000	10,296	56,162	2.3%
2001	12,229	56,489	2.9%
2002	12,251	55,837	4.4%
2003	12,528	55,831	4.5%
2004	12,559	58,817	3.6%
2005	12,626	N/A	2.8%
2006	12,626	N/A	N/A

N/A - Not Available

Source: New Jersey State Department of Education

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

<u>2006</u>			<u>1997</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>
Instruction		
Regular	67.5	66.0
Special education	29.0	30.3
Other instruction	1.0	1.0
Support Services:		
Student & instruction related services	22.0	23.5
General administration	3.0	2.2
School administrative services	6.0	6.0
Central services	3.0	3.0
Plant operations and maintenance	12.0	10.4
Pupil transportation	5.5	6.4
Total	<u>149.0</u>	<u>148.8</u>

Source: District Personnel Records

Note:

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

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

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Teacher/Student Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
1997	712	\$ 8,045,244	\$ 11,300		70	1:13	1:12		702	673		95.87%
1998	731	8,094,138	11,073	-2.01%	72	1:13	1:11		731	700	4.13%	95.76%
1999	747	9,186,275	12,298	11.06%	78	1:13	1:9		747	716	2.19%	95.85%
2000	749	9,050,791	12,084	-1.74%	76	1:12	1:9		749	716	0.27%	95.59%
2001	779	9,824,704	12,612	4.37%	79	1:10	1:9		779	746	4.01%	95.76%
2002	838	9,709,330	11,586	-8.13%	79	1:10	1:9		838	804	7.57%	95.94%
2003	928	11,464,665	12,354	6.63%	96	1:12	1:12		928	889	10.74%	95.80%
2004	931	12,712,099	13,654	10.52%	96	1:12	1:12		931	895	0.32%	96.13%
2005	965	13,614,939	14,109	3.33%	96	1:12	1:12		965	919	3.65%	95.23%
2006	994	14,400,016	14,487	2.68%	96	1:12	1:12		993	950	2.90%	95.67%

Sources: District records

Note: Operating expenditures reported prior to the implementation of GASB 34 in fiscal year 2004 may include capital lease principal and interest which are reported as debt service expenditure in fiscal year 2004 and thereafter under the GASB 34 reporting model.

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
<b>Brooklake</b>										
Square Feet	36,700	36,700	36,700	36,700	36,700	36,700	50,700	50,700	50,700	50,700
Enrollment	239									339
<b>Briarwood</b>										
Square Feet	37,100	37,100	37,100	37,100	37,100	37,100	47,000	47,000	47,000	47,000
Enrollment	241									340
<b><u>Middle School</u></b>										
<b>Ridgetale</b>										
Square Feet	55,100	55,100	55,100	55,100	55,100	55,100	76,100	76,100	76,100	76,100
Enrollment	222									314

Number of Schools at June 30, 2006

Elementary = 2

Middle School = 1

3

Source: District Records

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST SIX YEARS  
(Unaudited)**

**Undistributed Expenditures - Required  
Maintenance for School Facilities  
11-000-261-xxx**

<u>School Facilities</u>	<u>Project Nos.</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Brooklake Elementary School	N/A	\$ 110,290	\$ 105,761	\$ 43,042	\$ 55,165	\$ 79,746	\$ 85,752
Briarwood Elementary School	N/A	109,141	104,660	49,198	33,869	60,084	91,908
Ridgedale Elementary School	N/A	163,521	156,806	52,495	74,589	63,431	84,475
Total School Facilities		<u>\$ 382,952</u>	<u>\$ 367,227</u>	<u>\$ 144,735</u>	<u>\$ 163,623</u>	<u>\$ 203,261</u>	<u>\$ 262,135</u>

Source: District Records

Note:

Beginning in fiscal year 2001, the New Jersey State Department of Education required Districts to report maintenance expenditures by location, therefore, ten years of data is not required or available.

**FLORHAM PARK BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2006  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG		
Property - Blanket Building & Contents	\$ 34,730,287	\$ 5,000
Increased Cost of Construction	5,000,000	
Flood/Earthquake	10,000,000	
Energy Systems - Property Damage	100,000,000	
Comprehensive General Liability	1,000,000	1,000
Workers Compensation	2,000,000	
School Leaders Errors and Omissions	1,000,000	5,000
Automobile	1,000,000	1,000
Public Employee Dishonesty	100,000	1,000
Theft Disappearance and Destruction	25,000	500
Computer Fraud	50,000	500
Forgery or Alteration	100,000	1,000
Excess Liability - Ins. Co. of PA	10,000,000	
Student Accident	5,000,000	
Public Official Bond - Board Secretary	100,000	
Public Official Bond - Treasurer of School Monies	230,000	

Source: School District's records

## **SINGLE AUDIT SECTION**





# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
TELEPHONE (201) 791-7100  
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ANDREW PARENTE, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH KOZAK, CPA, PSA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Florham Park Board of Education as of and for the fiscal year ended June 30, 2006, which collectively comprise the Florham Park Board of Education's basic financial statements and have issued our report thereon dated July 28, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Florham Park Board of Education's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

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

However, we noted certain matters that we have reported to management of the Florham Park Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance" dated July 28, 2006.

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

*LERCH, VINCI & HIGGINS, LLP*

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Jeffrey C. Bliss

Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey  
July 28, 2006

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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DEBORAH KOZAK, CPA, PSA

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

### Compliance

We have audited the compliance of the Florham Park Board of Education 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 Grant Compliance Supplement" that are applicable to each of its major state programs for the fiscal year ended June 30, 2006. Florham Park Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Florham Park Board of Education's management. Our responsibility is to express an opinion on Florham Park Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Florham Park Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Florham Park Board of Education's compliance with those requirements.

In our opinion, Florham Park Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the fiscal year ended June 30, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as items 2006-1 and 2006-2.

### **Internal Control Over Compliance**


The management of Florham Park Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered Florham Park Board of Education'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 New Jersey OMB Circular 04-04.

We noted certain matters involving the internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect Florham Park Board of Education's ability to administer a major state program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2006-1 and 2006-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions identified above are material weaknesses.

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

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

  
 Jeffrey C. Bliss  
 Public School Accountant  
 PSA Number CS00932

Fair Lawn, New Jersey  
 July 28, 2006

**FLORHAM PARK BOARD OF EDUCATION**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2005	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	(Account Receivable) June 30, 2006	Deferred Revenue June 30, 2006	Due to Grantor at June 30, 2006
<b>U.S. Department of Agriculture Passed-through State Department of Education</b>												
Special Milk Program	10.556	N/A	7/1/05-6/30/06	\$ 6,624	\$ (403)	-	\$ 6,099	\$ 6,624	-	\$ (525)	-	-
Special Milk Program	10.556	N/A	7/1/04-6/30/05	5,491	-	-	403	-	-	-	-	-
<b>Total U.S. Department of Agriculture</b>					(403)	-	6,502	6,624	-	(525)	-	-
<b>U.S. Department of Education Passed-through State Department of Education</b>												
<b>I.A.S.A. Consolidated</b>												
Title II A	84.281A	NCLB153006	9/1/05-8/31/06	29,984				23,134		(23,134)	\$ 2,775	
Title II A Carryover	84.281A	NCLB153005	9/1/05-8/31/06	30,247		4,007		1,232				
Title II A	84.281A	NCLB153005	9/1/04-8/31/05	30,247	4,007	\$ (4,007)						
Title III, Carryover	84.365	NCLB153003	9/1/03-8/31/04	1,353	285							\$ 285
Title IV	84.186A	NCLB153006	9/1/05-8/31/06	2,609				2,114		(2,114)		
Title IV, Carryover	84.186A	NCLB153005	9/1/05-8/31/06	2,499		2,120		2,120				
Title IV	84.186A	NCLB153005	9/1/04-8/31/05	2,499	2,120	(2,120)						
Title IV, Carryover	84.186A	NCLB153004	9/1/04-8/31/05	2,529	1,634			1,634				
Title V	84.298	NCLB153006	9/1/05-8/31/06	2,590				2,103		(2,103)		
Title V, Carryover	84.298	NCLB153005	9/1/05-8/31/06	3,805	154	154		154				
Title V	84.298	NCLB153005	9/1/04-8/31/05	3,805	154	(154)						
Title V, Carryover	84.298	NCLB153004	9/1/04-8/31/05	4,596	406			406				
Title V, Carryover	84.298	NCLB153003	9/1/03-8/31/04	4,506	101							101
I.D.E.I.A. Part B, Basic Regular	84.027A	FT-1530-06	9/1/05-8/31/06	185,773			185,772	173,550			12,222	
I.D.E.A. Part B, Basic Regular, Carryover	84.027A	FT-1530-05	9/1/05-8/31/06	183,488		24,656		10,319			14,337	
I.D.E.A. Part B, Basic Regular	84.027A	FT-1530-05	9/1/04-8/31/05	183,488	24,656	(24,656)						
I.D.E.A. Part B, Basic Regular, Carryover	84.027A	FT-1530-04	9/1/04-8/31/05	162,210	19,150			19,150				
I.D.E.I.A. Preschool	84.027A	PS-1530-06	9/1/05-8/31/06	8,561			8,561	8,561				427
I.D.E.A. Preschool, Carryover	84.027A	PS-1530-04	9/1/04-8/31/05	8,108	427	-	-	-		-	-	
<b>Total U.S. Department of Education</b>					52,940	-	194,333	244,477	-	(27,351)	29,334	813
<b>Total</b>					\$ 52,537	\$ -	\$ 200,835	\$ 251,101	\$ -	\$ (27,876)	\$ 29,334	\$ 813

Note: This schedule was not subject to a Federal Single Audit in accordance with OMB Circular A-133.



**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Florham Park Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the deferred state aid payments in the current budget year, which is mandated pursuant to P.L. 2003 c.97.(A3521). For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the deferred state aid payments, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$41,203 for the general fund and \$5,938 for the special revenue fund. See *the Notes to Required Supplementary Information* for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,945,505	\$ 1,945,505
Special Revenue Fund	\$ 250,227	78,222	328,449
Capital Projects Fund		50,577	50,577
Food Service Fund	<u>6,624</u>	<u>-</u>	<u>6,624</u>
Total Financial Assistance	<u>\$ 256,851</u>	<u>\$ 2,074,304</u>	<u>\$ 2,331,155</u>



**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

**NOTE 5 OTHER**

TPAF Social Security contributions totaling \$472,578 represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2006. The amount reported as TPAF Pension Contributions totaling \$577,455 represent the amount paid by the State on behalf of the District for the year ended June 30, 2006.

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

*Part I – Summary of Auditor's Results*

**Financial Statement Section**

Type of auditors' report issued on financial statements

Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified

\_\_\_\_\_ yes        X   no

2) Reportable condition identified that are  
not considered to be material weakness(es)?

\_\_\_\_\_ yes        X   none reported

Noncompliance material to the basic financial  
statements noted?

\_\_\_\_\_ yes        X   no

**Federal Awards Section**

Not Applicable

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

*Part I – Summary of Auditor's Results*

**State Awards Section**

Internal Control over major programs:

(1) Material weakness(es) identified

\_\_\_\_\_ yes        X   no

(2) Reportable condition identified that are not  
considered to be material weakness(es)?

  X   yes      \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for  
major programs

Unqualified

Any audit findings disclosed that are required to be reported  
in accordance with N.J. Circular Letter 04-04?

  X   yes      \_\_\_\_\_ no

Identification of major state programs:

GMIS Number(s)
06-495-034-5120-011
06-495-034-5120-008
06-495-034-5120-057
06-495-034-5120-058
06-495-034-5095-051

Name of State Program
Special Education Aid
Bilingual Aid
Consolidated Aid
Additional Formula Aid
TPAF Social Security

Dollar threshold used to distinguish between  
Type A and Type B programs:

\$   300,000  

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        X   no

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

***Part 2 – Schedule of Financial Statement Findings***

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

THERE WERE NONE.

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

**CURRENT YEAR FEDERAL AWARDS**

NOT APPLICABLE

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

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

**CURRENT YEAR STATE AWARDS**

**Finding 2006-1**

Certain budgetary line accounts were overexpended at June 30, 2006:

**State program information:**

Special Education Aid	06-495-034-5120-011
Bilingual Aid	06-495-034-5120-008
Consolidated Aid	06-495-034-5120-057
Additional Formula Aid	06-495-034-5120-058

**Criteria or specific requirement:**

NJ Department of Education – Grant Compliance Supplement  
NJAC 6A:23-2.11 – “Budgetary Controls and Overexpenditure of Funds”

**Condition:**

Expenditures incurred against certain budgetary line accounts were in excess of available budget appropriations at year end.

**Questioned Costs:**

Undeterminable.

**Context:**

Three (3) budgetary line accounts were overexpended \$38,015 in total at June 30, 2006.

**Effect:**

Expenditures are approved against budgetary line accounts which do not have sufficient funds available.

**Recommendation:**

Budgetary transfers be requested and approved prior to incurring expenditures against line accounts with insufficient appropriation balances.

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

***Part 3 – Schedule of Federal and State Award Findings and Questioned Costs (Cont'd)***

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

**CURRENT YEAR STATE AWARDS**

**Finding 2006-2**

The District transferred additional unreserved/undesignated General Fund surplus to certain budget line accounts including capital outlay construction services by Board resolution without County Superintendent approval.

**State program information:**

Special Education Aid	06-495-034-5120-011
Bilingual Aid	06-495-034-5120-008
Consolidated Aid	06-495-034-5120-057
Additional Formula Aid	06-495-034-5120-058

**Criteria or specific requirement:**

N.J. Department of Education – Grant Compliance Supplement  
NJAC 6A:23A-2.3, "Transfers During the Budget Year"

**Condition:**

Additional General Fund surplus was transferred by Board resolution to certain budget line items after April 1, 2006 for emergency bus repairs and the emergency purchase and installation of a fire alarm panel without obtaining the required approval of the County Superintendent.

**Questioned Costs:**

Unknown.

**Context:**

Additional General Fund surplus appropriations of \$20,000 on May 3, 2006 and \$10,000 on June 20, 2006 were approved by the Board without County Superintendent approval.

**Effect:**

The District approved additional General Fund surplus transfers were not in compliance with the Administrative Code related to budgetary transfers.

**Recommendation:**

The District receive the required County Superintendent's approval for additional General Fund surplus transfers made during the school year.

**FLORHAM PARK BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**STATUS OF PRIOR YEAR FINDINGS**

**FINDING 2005-1**

**Condition**

The District purchased computer equipment, automotive repair services, transportation services and curtains during the year where no evidence of public bidding or state contract was sought.

**Current Status**

Corrective action was taken.

**FINDING 2005-2**

**Condition**

- Related services reported in the student's IEP were not reported on the District's ASSA for both on roll and private school for the handicapped students.
- Certain students' classifications on the District workpapers were not in agreement with the student's IEP for both on roll and private school for the handicapped students.

**Current Status**

Corrective action was taken.