

FLORHAM PARK BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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, 2007

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

September 19, 2007

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, 2007 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 2006/2007 with an enrollment of 998. 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>
2006/07	998	.7%
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%

2. ECONOMIC CONDITION AND OUTLOOK

Florham Park remains financially healthy. The District is currently carrying a 1.0% 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 2006/2007 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, 2007.

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, 2007 the District had \$11,975,000 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

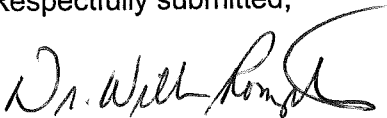
Independent Audit – State statute requires an annual audit by independent certified public accountants or registered municipal accounts. The Board's Finance Committee selected the accounting firm of Lerch Vinci & Higgins, LLP, CPA's. In addition to meeting the requirements as set forth in State statutes, 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,

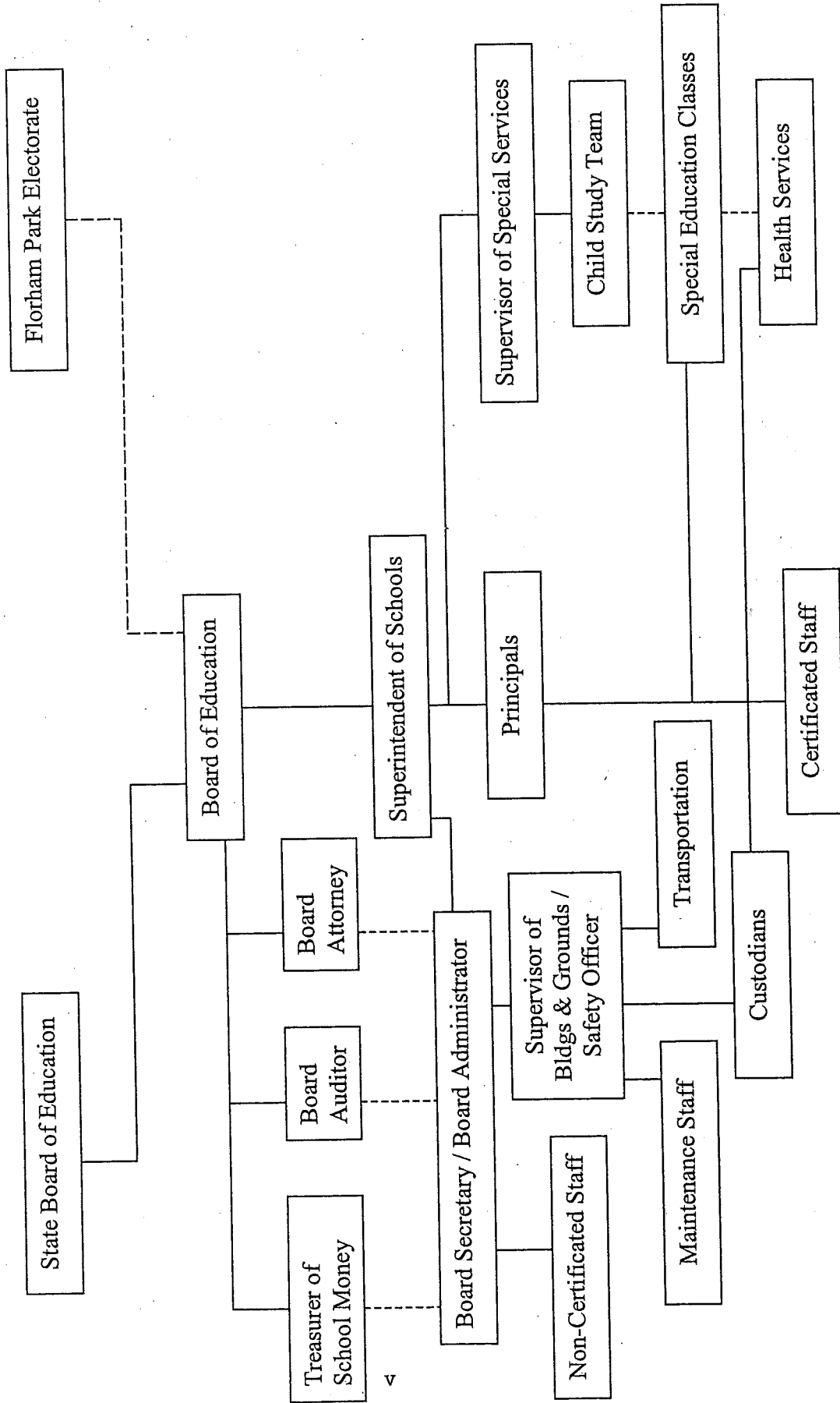


William Ronzitti, Ph.D.
Superintendent of Schools



John R. Csatlos
Business Administrator/Board Secretary

FLORHAM PARK SCHOOL DISTRICT ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2007**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
John McFarlane, President	2008
Patrick Montuore, Vice President	2008
John Gaffney	2009
Linda Michalowski	2009
Dr. John Carollo	2010
Kevin DeCoursey	2010
Marianne Haynes	2010

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

Mathew J. Giacobbe, Esq.
Scarinci & Hollenbeck, LLC
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

17-17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WEBSITE -www. lvhcpa.com

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA

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, 2007, 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.

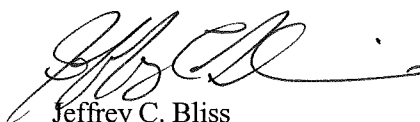
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Florham Park Board of Education as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2007 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 Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information 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
September 19, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2007

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, 2007. 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.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year (2006-2007) and the prior year (2005-2006) is required to be presented in the MD&A

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2006-2007 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 \$6,433,467. (Net Assets)
- The District's total net assets decreased by \$159,090.
- Overall District revenues were \$16,970,431. General revenues accounted for \$14,221,719 or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,748,712 or 16% of total revenues.
- The school district had \$17,106,249 in expenses for governmental activities; only \$2,733,096 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$14,221,719 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 \$249,557. Of this amount, \$19,887 (18%) is available for spending at the District's discretion (unreserved/undesignated fund balance – General Fund).
- The General Fund fund balance at June 30, 2007 was \$242,636, a decrease of \$198,663 compared to the ending fund balance at June 30, 2006 of \$441,299.
- The General Fund unreserved/undesignated budgetary fund balance at June 30, 2007 was \$150,608, which represents a decrease of \$36,922 compared to the ending fund balance at June 30, 2006 of \$187,530.

FLORHAM PARK BOARD OF EDUCATION

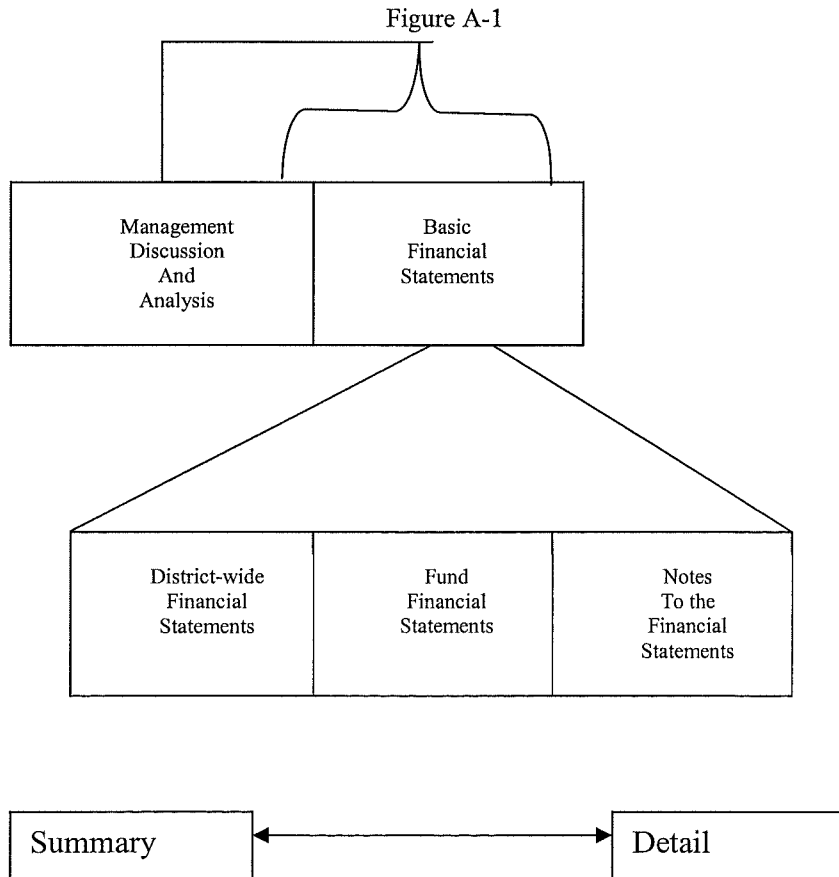
Management's Discussion and Analysis Year Ended June 30, 2007

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, 2007

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, 2007

- 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, 2007

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 \$6,433,467 on June 30, 2007 as follows:

	Net Assets					
	As of June 30, 2007 and 2006					
	Governmental Activities		Business- Type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current Assets	\$ 887,184	\$ 3,171,184	\$ (13,693)	\$ (6,950)	\$ 873,491	\$ 3,164,234
Capital Assets	18,955,572	19,559,883	2,322	3,235	18,957,894	19,563,118
Total Assets	<u>19,842,756</u>	<u>22,731,067</u>	<u>(11,371)</u>	<u>(3,715)</u>	<u>19,831,385</u>	<u>22,727,352</u>
Long-Term Liabilities	12,508,290	13,091,493			12,508,290	13,091,493
Other Liabilities	889,628	3,043,302	-	-	889,628	3,043,302
Total Liabilities	<u>13,397,918</u>	<u>16,134,795</u>	<u>-</u>	<u>-</u>	<u>13,397,918</u>	<u>16,134,795</u>
Net Assets						
Invested in Capital Assets, net of related debt	6,742,419	6,762,118	2,322	3,235	6,744,741	6,765,353
Restricted	89,270	209,068			89,270	209,068
Unrestricted	<u>(386,851)</u>	<u>(374,914)</u>	<u>(13,693)</u>	<u>(6,950)</u>	<u>(400,544)</u>	<u>(381,864)</u>
Total Net Assets	<u>\$ 6,444,838</u>	<u>\$ 6,596,272</u>	<u>\$ (11,371)</u>	<u>\$ (3,715)</u>	<u>\$ 6,433,467</u>	<u>\$ 6,592,557</u>

The District's total net assets of \$6,433,467 at June 30, 2007 represent a \$159,090, or 2%, decrease from the prior year. The following presents the changes in net assets for the years ended June 30, 2007 and 2006.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Year Ended June 30, 2007

Change in Net Assets
For The Years Ended June 30, 2007 and 2006

	Governmental		Business-		Total	
	Activities		Type		Activities	
	2007	2006	2007	2006	2007	2006
Revenues						
Program Revenues						
Charges for Services	\$ 74,708	\$ 42,853	\$ 9,172	\$ 8,615	\$ 83,880	\$ 51,468
Operating Grants and Contributions	2,658,388	2,201,960	6,444	6,624	2,664,832	2,208,584
Capital Grants and Contributions		90,577			-	90,577
General Revenues						
Property Taxes	13,866,858	13,414,875			13,866,858	13,414,875
State Aid - Unrestricted	154,468	71,994			154,468	71,994
Other	200,393	65,572	-	-	200,393	65,572
Total Revenues	16,954,815	15,887,831	15,616	15,239	16,970,431	15,903,070
Expenses						
Instruction						
Regular	6,571,189	5,809,031			6,571,189	5,809,031
Special Education	2,607,536	2,554,818			2,607,536	2,554,818
Other Instruction	83,439	69,663			83,439	69,663
School Sponsored Activities and Athletics	139,328	139,489			139,328	139,489
Support Services						
Student and Instruction Related Services	2,428,809	2,250,544			2,428,809	2,250,544
General Administrative Services	491,435	548,193			491,435	548,193
School Administrative Services	836,001	721,807			836,001	721,807
Central Services	407,181	292,896			407,181	292,896
Plant Operations and Maintenance	2,000,682	1,994,220			2,000,682	1,994,220
Pupil Transportation	1,031,136	826,229			1,031,136	826,229
Interest on Debt	509,513	665,301			509,513	665,301
Food Services			19,214	21,407	19,214	21,407
Enrichment Program	-	-	4,058	5,206	4,058	5,206
Total Expenses	17,106,249	15,872,191	23,272	26,613	17,129,521	15,898,804
Increase (Decrease) Before Special Items	(151,434)	15,640	(7,656)	(11,374)	(159,090)	4,266
Special Items						
Loss on Disposal of Assets	-	(164,038)	-	-	-	(164,038)
Increase (Decrease) in Net Assets	(151,434)	(148,398)	(7,656)	(11,374)	(159,090)	(159,772)
Net Assets, Beginning of Year	6,596,272	6,744,670	(3,715)	7,232	6,592,557	6,751,902
Prior Period Adjustment	-	-	-	427	-	427
Net Assets, End of Year	\$ 6,444,838	\$ 6,596,272	\$ (11,371)	\$ (3,715)	\$ 6,433,467	\$ 6,592,557

FLORHAM PARK BOARD OF EDUCATION

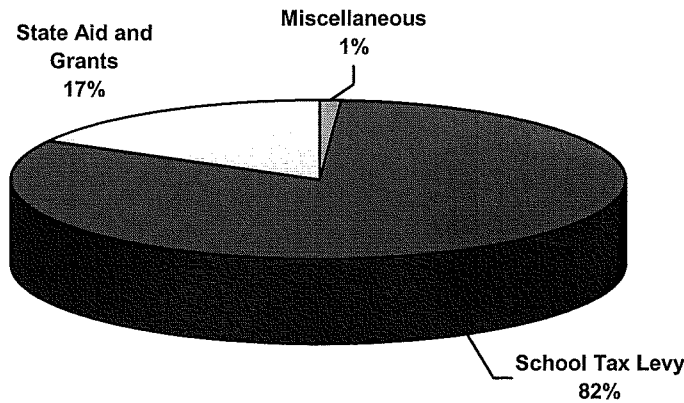
Management's Discussion and Analysis Year Ended June 30, 2007

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$16,954,815 for the year ended June 30, 2007, property taxes of \$13,866,858 represented 82% of revenues. Another significant portion of revenues came from unrestricted State aid, grants and contributions which totaled \$2,812,856 and represented 17% of revenues. In addition, transportation fees and miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 1% of revenues.

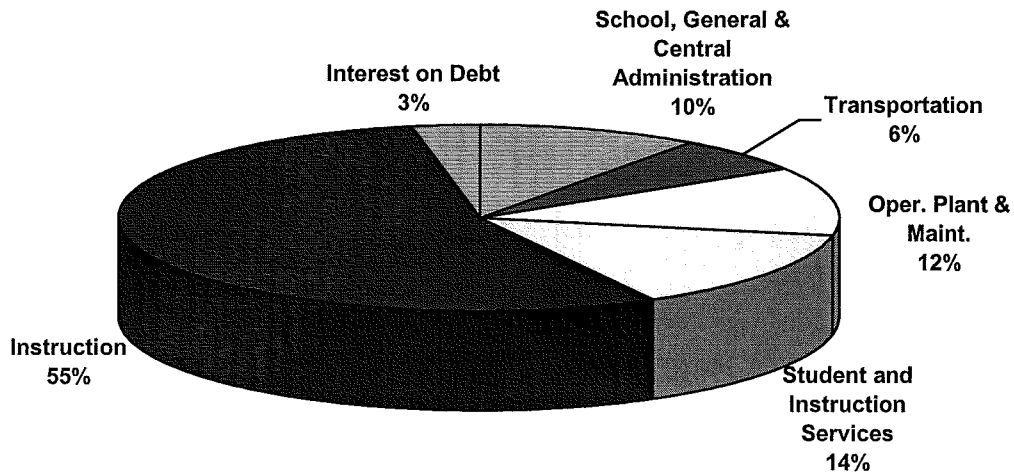
The total cost of all governmental activities programs and services was \$17,106,249. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$9,401,492 (55%) of total expenses. Student support services, total \$7,195,244 (42%) of total expenses and interest on debt totaled \$509,513 (3%) of total expenses.

Total governmental activities expenses exceeded revenues, decreasing net assets by \$151,434 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2007



Expenses by Use – Governmental Activities
For Fiscal Year 2007



FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Year Ended June 30, 2007

Net Cost of Governmental Activities. The District's total cost of services was \$17,106,249. After applying program revenues, derived from operating grants and contributions of \$2,658,388, and charges for services of \$74,708, the net cost of services of the District is \$14,373,153.

**Net Cost of Governmental Activities
For the Years Ended June 30, 2007 and 2006**

	Total Cost of Services		Net Cost of Services	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Instruction				
Regular	\$ 6,571,189	\$ 5,809,031	\$ 5,595,721	\$ 5,166,161
Special Education	2,607,536	2,554,818	1,482,606	1,457,670
Other Instruction	83,439	69,663	36,335	30,857
School Sponsored Activities and Athletics	139,328	139,489	139,328	139,489
Support Services				
Student and Instruction Related Services	2,428,809	2,250,544	2,093,582	1,988,156
General Administrative Services	491,435	548,193	491,435	521,118
School Administrative Services	836,001	721,807	755,803	669,447
Central Services	407,181	292,896	384,125	277,696
Plant Operations and Maintenance	2,000,682	1,994,220	2,000,682	1,903,643
Pupil Transportation	1,031,136	826,229	884,023	717,263
Interest on Debt	509,513	665,301	509,513	665,301
Total	<u>\$ 17,106,249</u>	<u>\$ 15,872,191</u>	<u>\$ 14,373,153</u>	<u>\$ 13,536,801</u>

Business-Type Activities – The District's total business-type activities revenues were \$15,616 for the year ended June 30, 2007. Charges for services accounted for 59% of total revenues. Operating grants and contributions accounted for 41% of total revenue for the year.

Total cost of all business-type activities programs and services was \$23,272.

Total business-type activities expenses surpassed revenues, decreasing net assets by \$7,656 from the previous year.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Year Ended June 30, 2007

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 \$249,557, a decrease of \$198,663 from last year's fund balance of \$448,220. 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 \$16,954,815, while total expenses were \$17,153,478.

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.

	<u>Year Ended</u> <u>June 30, 2007</u>	<u>Year Ended</u> <u>June 30, 2006</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources				
Property Taxes	\$ 12,813,493	\$ 12,359,375	\$ 454,118	4%
Other	262,348	102,452	159,896	156%
State Sources	<u>2,444,903</u>	<u>1,945,505</u>	<u>499,398</u>	26%
 Total General Fund Revenues	 <u>\$ 15,520,744</u>	 <u>\$ 14,407,332</u>	 <u>\$ 1,113,412</u>	 8%

Total General Fund revenues increased \$1,113,412 from the previous year. The majority of this increase was due to an increase in property taxes to finance budget operations and an increase in State aid for on-behalf pension contributions.

The following schedule presents a summary of General Fund expenditures.

	<u>Year Ended</u> <u>June 30, 2007</u>	<u>Year Ended</u> <u>June 30, 2006</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 9,119,294	\$ 8,219,247	\$ 900,047	11%
Support Services	6,348,269	5,852,320	495,949	8%
Debt Service	109,097	158,578	(49,481)	(31)%
Capital Outlay	<u>155,500</u>	<u>147,093</u>	<u>8,407</u>	6%
 Total Expenditures	 <u>\$ 15,732,160</u>	 <u>\$ 14,377,238</u>	 <u>\$ 1,354,922</u>	 9%

Total General Fund expenditures increased \$1,354,922 or 9% from the previous year. The majority of this increase can be attributed to contractual salary increases and increases in employee benefits and transportation costs.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Year Ended June 30, 2007

GENERAL FUND (Continued)

In 2006-2007 General Fund expenditures were greater than revenues and other financing sources by \$198,663. Therefore, total fund balance decreased to \$242,636 at June 30, 2007. After deducting statutory reserves and designations, the unreserved undesignated fund balance decreased from \$67,599 at June 30, 2006 to \$19,887 at June 30, 2007. This decrease can be attributable to the District appropriating additional unrestricted/undesignated fund balance during the year to fund unbudgeted and unforeseen operating costs.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2007, the District had \$18,955,572 invested in land, buildings, furniture, equipment and vehicles for governmental activities. The following is a comparison of the June 30, 2007 and 2006 balances:

Capital Assets as of June 30, 2007 and 2006		<u>Governmental Activities</u>	
		<u>2007</u>	<u>2006</u>
Land	\$	1,156,663	\$ 1,156,663
Land Improvements		1,369,190	1,358,300
Buildings and Building Improvements		22,037,246	21,910,170
Machinery and Equipment		<u>1,979,559</u>	<u>1,962,025</u>
		26,542,658	26,387,158
Less Accumulated Depreciation		<u>(7,587,086)</u>	<u>(6,827,275)</u>
Total		<u>\$ 18,955,572</u>	<u>\$ 19,559,883</u>

LONG TERM LIABILITIES

At June 30, 2007 the District had \$12,508,290 of total outstanding debt. Of this amount, \$295,137 is for compensated absences; \$11,975,000 is for serial bonds; and \$238,153 is for lease purchase agreements. The following is a comparison of the June 30, 2007 and 2006 balances:

Outstanding Long-Term Debt as of June 30, 2007 and 2006		<u>Governmental Activities</u>	
		<u>2007</u>	<u>2006</u>
Serial Bonds	\$	11,975,000	\$ 12,460,000
Capital Leases Payable		238,153	337,765
Compensated Absences		<u>295,137</u>	<u>293,728</u>
Total		<u>\$ 12,508,290</u>	<u>\$ 13,091,493</u>

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2007

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, additional revenue appropriations 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 \$88,409 for bus maintenance and other contractual transportation costs.
- Appropriation of additional transportation fee revenue totaling \$25,966 for contractual transportation costs.

General Fund budgetary expenditures exceeded budgetary revenues decreasing budgetary fund balance \$187,873 from the previous year. After deducting statutory reserves and designations, the unreserved/undesignated budgetary fund balance decreased \$36,922, from \$187,530 at June 30, 2006 to \$150,608 at June 30, 2007.

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 2007-2008 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 2007-2008. Budgeted expenditures in the General Fund increased four percent to \$14,635,000 in fiscal year 2007-2008. 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, 2007

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 678,637		\$ 678,637
Receivables, net	112,136	\$ 369	112,505
Internal Balances	14,062	(14,062)	
Restricted Assets			
Capital Reserve Account - Cash	82,349		82,349
Capital Assets			
Not Being Depreciated	1,156,663		1,156,663
Being Depreciation, Net	17,798,909	2,322	17,801,231
Total Assets	19,842,756	(11,371)	19,831,385
LIABILITIES			
Accounts Payable and Other Current Liabilities	20,593		20,593
Payable to Other Governments	32,464		32,464
Notes Payable	568,093		568,093
Accrued Interest Payable	252,001		252,001
Unearned Revenue	16,477		16,477
Noncurrent Liabilities			
Due Within One Year	605,475		605,475
Due Beyond One Year	11,902,815	-	11,902,815
Total Liabilities	13,397,918	-	13,397,918
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,742,419	2,322	6,744,741
Restricted for			
Debt Service	2		2
Capital Projects	89,268		89,268
Unrestricted	(386,851)	(13,693)	(400,544)
Total Net Assets	\$ 6,444,838	\$ (11,371)	\$ 6,433,467

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, 2007**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Instruction							
Regular	\$ 6,571,189		\$ 975,468		\$ (5,595,721)	\$	\$ (5,595,721)
Special Education	2,607,536		1,124,930		(1,482,606)		(1,482,606)
Other Instruction	83,439		47,104		(36,335)		(36,335)
School Sponsored Activities and Athletics	139,328				(139,328)		(139,328)
Support Services							
Student and Instruction Related Services	2,428,809		335,227		(2,093,582)		(2,093,582)
General Administrative Services	491,435				(491,435)		(491,435)
School Administrative Services	836,001		80,198		(755,803)		(755,803)
Central Services	407,181		23,056		(384,125)		(384,125)
Plant Operations and Maintenance	2,000,682				(2,000,682)		(2,000,682)
Pupil Transportation	1,031,136	\$ 74,708	72,405		(884,023)		(884,023)
Interest on Debt	509,513	-	-		(509,513)		(509,513)
Total Governmental Activities	17,106,249	74,708	2,658,388	-	(14,373,153)	-	(14,373,153)
Business-Type Activities							
Food Service	19,214	8,317	6,444	-	-	\$ (4,453)	(4,453)
Enrichment Program	4,058	855	-	-	-	(3,203)	(3,203)
Total Business-Type Activities	23,272	9,172	6,444	-	-	(7,656)	(7,656)
Total Primary Government	\$ 17,129,521	\$ 83,880	\$ 2,664,832	\$ -	(14,373,153)	(7,656)	(14,380,809)
General Revenues							
Taxes							
Property Tax, Levied for General Purposes					12,813,493		12,813,493
Property Tax, Levied for Debt Service					1,053,365		1,053,365
Investment Earnings					33,880		33,880
Miscellaneous Income					166,513		166,513
Unrestricted State Aid					154,468		154,468
Total General Revenues and Special Items					14,221,719	-	14,221,719
Change in Net Assets					(151,434)	(7,656)	(159,090)
Net Assets, Beginning of Year					6,596,272	(3,715)	6,592,557
Net Assets, End of Year					\$ 6,444,838	\$ (11,371)	\$ 6,433,467

FUND FINANCIAL STATEMENTS

**FLORHAM PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2007**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 116,414	\$ 44,499	\$ 517,722	\$ 2	\$ 678,637
Receivables from Other Governments	33,986	44	61,741		95,771
Due from Other Funds	15,378				15,378
Other Receivables	15,102				15,102
Restricted Cash and Cash Equivalents	<u>82,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,349</u>
Total Assets	<u>\$ 263,229</u>	<u>\$ 44,543</u>	<u>\$ 579,463</u>	<u>\$ 2</u>	<u>\$ 887,237</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 19,593				\$ 19,593
Notes Payable			\$ 568,093		568,093
Due to Other Funds	1,000		53		1,053
Payable to State Government		\$ 30,051			30,051
Payable to Federal Government		2,413			2,413
Deferred Revenue	<u>-</u>	<u>12,079</u>	<u>4,398</u>	<u>-</u>	<u>16,477</u>
Total Liabilities	<u>20,593</u>	<u>44,543</u>	<u>572,544</u>	<u>-</u>	<u>637,680</u>
Fund Balances					
Reserved for					
Encumbrances	20,400				20,400
Capital Reserve Account	82,349				82,349
Unreserved					
Designated for Subsequent Year's Expenditures	120,000			\$ 1	120,001
Undesignated, Reported in General Fund	19,887				19,887
Debt Service Fund				1	1
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>6,919</u>	<u>-</u>	<u>6,919</u>
Total Fund Balances	<u>242,636</u>	<u>-</u>	<u>6,919</u>	<u>2</u>	<u>249,557</u>
Total Liabilities and Fund Balances	<u>\$ 263,229</u>	<u>\$ 44,543</u>	<u>\$ 579,463</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 \$26,542,658 and the accumulated depreciation is \$7,587,086 18,955,572

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (252,001)

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	\$ 11,975,000
Compensated Absences	295,137
Capital Leases Payable	<u>238,153</u>
	<u>(12,508,290)</u>

Net assets of governmental activities \$ 6,444,838

**FLORHAM PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 12,813,493			\$ 1,053,365	\$ 13,866,858
Transportation Fees from Individuals	47,760				47,760
Transportation Fees from Other LEA's	26,948				26,948
Interest	21,127		\$ 12,753		33,880
Miscellaneous	166,513	\$ 9,252	-	-	175,765
Total - Local Sources	<u>13,075,841</u>	<u>9,252</u>	<u>12,753</u>	<u>1,053,365</u>	<u>14,151,211</u>
State Sources	2,444,903	79,781			2,524,684
Federal Sources	-	278,920	-	-	278,920
Total Revenues	<u>15,520,744</u>	<u>367,953</u>	<u>12,753</u>	<u>1,053,365</u>	<u>16,954,815</u>
EXPENDITURES					
Current					
Instruction					
Regular	6,515,028	53,487			6,568,515
Special Education	2,418,019	201,953			2,619,972
Other Instruction	46,919	36,520			83,439
School-Sponsored Activities and Athletics	139,328				139,328
Support Services					
Student and Instruction Related Services	2,341,703	75,993			2,417,696
General Administrative Services	499,724				499,724
School Administrative Services	777,949				777,949
Central Services	405,815				405,815
Plant Operations and Maintenance	1,355,354				1,355,354
Student Transportation Services	967,724				967,724
Debt Service					
Principal	99,612			485,000	584,612
Interest and Other Charges	9,485			568,365	577,850
Capital Outlay	155,500	-	-	-	155,500
Total Expenditures	<u>15,732,160</u>	<u>367,953</u>	<u>-</u>	<u>1,053,365</u>	<u>17,153,478</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(211,416)</u>	<u>-</u>	<u>12,753</u>	<u>-</u>	<u>(198,663)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	12,753				12,753
Transfers Out	-		(12,753)		(12,753)
Total Other Financing Sources and Uses	<u>12,753</u>	<u>-</u>	<u>(12,753)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(198,663)	-	-	-	(198,663)
Fund Balance, Beginning of Year	441,299	-	6,919	2	448,220
Fund Balance, End of Year	<u>\$ 242,636</u>	<u>\$ -</u>	<u>\$ 6,919</u>	<u>\$ 2</u>	<u>\$ 249,557</u>

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

**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, 2007**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (198,663)

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	\$ 155,500	
Depreciation Expense	<u>(759,811)</u>	
		(604,311)

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		(1,409)
----------------------	--	---------

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	485,000	
Capital Leases	<u>99,612</u>	
		584,612

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

Decrease in Accrued Interest		<u>68,337</u>
------------------------------	--	---------------

Change in net assets of governmental activities (Exhibit A-2) \$ (151,434)

**FLORHAM PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2007**

	Non-Major Enterprise Funds <u>Total</u>
ASSETS	
Intergovernmental Receivable, Net Federal	\$ <u>369</u>
Total Current Assets	<u>369</u>
Capital Assets	
Equipment	100,496
Accumulated Depreciation	<u>98,174</u>
Total Capital Assets	<u>2,322</u>
Total Assets	<u>2,691</u>
LIABILITIES	
Due to Other Funds	<u>14,062</u>
NET ASSETS	
Invested in Capital Assets	2,322
Unrestricted	<u>(13,693)</u>
Total Net Assets	<u>\$ (11,371)</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, 2007**

	Non-Major Enterprise Funds <u>Total</u>
OPERATING REVENUES	
Local Sources	
Daily Sales	\$ 8,317
Registration Fees	<u>855</u>
Total Operating Revenues	<u>9,172</u>
OPERATING EXPENSES	
Cost of Sales	11,936
Salaries and Benefits	10,423
Depreciation	<u>913</u>
Total Operating Expenses	<u>23,272</u>
Operating Loss	<u>(14,100)</u>
Nonoperating Revenues	
Federal Sources	
Special School Milk Program	<u>6,444</u>
Total Nonoperating Revenues	<u>6,444</u>
Changes in Net Assets	(7,656)
Total Net Assets, Beginning of Year	<u>(3,715)</u>
Total Net Assets, End of Year	<u>\$ (11,371)</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, 2007**

	Non-Major Enterprise Funds <u>Total</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 9,172
Cash Payments for Employee Salaries	
Salaries and Benefits	(10,423)
Cash Payments to Suppliers for Goods and Services	<u>(11,936)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(13,187)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal	
Subsidy Reimbursements	6,600
Cash Received from Other Funds	<u>6,587</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>13,187</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ -</u></u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ <u>(14,100)</u>
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><u>\$ (13,187)</u></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, 2007**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,357	\$ 6,490	\$ 41,400
Other Receivables	4,542		
Due from Other Funds	<u>1,000</u>	<u>-</u>	<u>-</u>
Total Assets	<u>7,899</u>	<u>6,490</u>	<u>\$ 41,400</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 4,145
Accrued Salaries and Wages			2,344
Intergovernmental Payable - State	5,950		
Due to Other Funds			1,263
Due to Student Groups	<u>-</u>	<u>-</u>	<u>33,648</u>
Total Liabilities	<u>5,950</u>	<u>-</u>	<u>\$ 41,400</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 1,949</u>	<u>\$ 6,490</u>	

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
ADDITIONS		
Contributions		
District	\$ 17,000	
Employees	11,065	
Investment Earnings		
Interest	91	\$ 32
	<hr/>	<hr/>
Total Additions	28,156	32
	<hr/>	<hr/>
DEDUCTIONS		
Unemployment Claims and Contributions	30,630	-
	<hr/>	<hr/>
Total Deductions	30,630	-
	<hr/>	<hr/>
Change in Net Assets	(2,474)	32
Net Assets, Beginning of Year	4,423	6,458
	<hr/>	<hr/>
Net Assets, End of Year	\$ 1,949	\$ 6,490
	<hr/>	<hr/>

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, 2007**

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, the enrichment program 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.

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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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, lease purchases 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 program fund* accounts for the activities of the District's 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, 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the government reports the following fund type:

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

Private-sector standards of accounting and financial reporting issued 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 and the enrichment program enterprise funds, are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits and Investments*

Cash and cash equivalents are considered to be cash on hand, demand deposits, deposits with the New Jersey Cash Management Fund 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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. *Receivables and Payables*

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

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

Tuition Expenditures - Tuition charges for the fiscal years 2005-2006 and 2006-2007 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 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Inventories*

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

4. *Prepaid Items*

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

5. *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.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *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.

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

7. *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.

8. *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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *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 2D.)

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2007/2008 District budget certified for taxes.

10. *Reclassifications*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the 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 2006/2007. During 2006/2007 the Board increased the original budget by \$258,986. 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 \$88,409 of additional general fund surplus was made May 14, 2007.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of the 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.

B. Excess Expenditures Over Appropriations

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

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Support Services General Administration			
Legal Services	\$37,981	\$57,574	\$19,593
Other Support Services – Related Services			
Purchased Professional Educational	95,422	96,720	1,298

The above variances were offset with other available resources.

C. Deficit Fund Equity

The food service enterprise fund has a cumulative net assets deficit of \$2,962 as of June 30, 2007 and the enrichment program enterprise fund has a cumulative net assets deficit of \$8,409 as of June 30, 2007. The District expects to eliminate these deficits through normal operations in the 2007/08 or by general fund budget appropriation.

D. Capital Reserve Account

A capital reserve account was established by the District 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 the capital reserve 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. 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.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve Account (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2007 is as follows:

Beginning balance	\$ 202,147
Interest earnings	202
Withdrawals Approved by Voters in District Budget	<u>(120,000)</u>
Ending balance	<u>\$ 82,349</u>

The June 30, 2007 LRFPP balance of local support costs of uncompleted capital projects is \$12,500,000. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act. 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. SIPC replaces cash claims up to a maximum of \$100,000 for each failed brokerage firm. At June 30, 2007, the book value of the Board's deposits was \$811,233 and bank balances of the Board's cash and deposits amounted to \$1,002,861. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 869,507
Uninsured and Collateralized	<u>133,354</u>
	<u>\$ 1,002,861</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

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, 2007 the Board’s bank balance of \$133,354 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department,
not in the Board's name

\$ 133,354

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, 2007, 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.

B. Receivables

Receivables as of year-end for the district’s individual major funds, nonmajor and fiduciary 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>Fiduciary Funds</u>	<u>Total</u>
Receivables:						
Intergovernmental	\$ 33,986	\$ 44	\$ 61,741	\$ 369		\$ 96,140
Accounts	<u>15,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	\$ 4,542	<u>19,644</u>
Gross Receivables	49,088	44	61,741	369	5,542	115,784
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 49,088</u>	<u>\$ 44</u>	<u>\$ 61,741</u>	<u>\$ 369</u>	<u>\$ 5,542</u>	<u>\$ 115,784</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$12,079
Capital Projects Fund	
Economic Development Authority School Facility Grants	<u>4,398</u>
Total deferred revenue for governmental funds	<u>\$16,477</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,156,663	-	-	\$ 1,156,663
Total capital assets, not being depreciated	<u>1,156,663</u>	<u>-</u>	<u>-</u>	<u>1,156,663</u>
Capital assets, being depreciated:				
Land Improvements	1,358,300	\$ 10,890		1,369,190
Building and Building Improvements	21,910,170	127,076		22,037,246
Machinery and Equipment	1,962,025	17,534	-	1,979,559
Total capital assets being depreciated	<u>25,230,495</u>	<u>155,500</u>	<u>-</u>	<u>25,385,995</u>
Less accumulated depreciation for:				
Land Improvements	(420,868)	(86,854)		(507,722)
Building and Building Improvements	(4,959,715)	(542,905)		(5,502,620)
Machinery and Equipment	(1,446,692)	(130,052)	-	(1,576,744)
Total accumulated depreciation	<u>(6,827,275)</u>	<u>(759,811)</u>	<u>-</u>	<u>(7,587,086)</u>
Total assets, being depreciation, net	<u>18,403,220</u>	<u>(604,311)</u>	<u>-</u>	<u>17,798,909</u>
Government activities capital assets, net	<u>\$ 19,559,883</u>	<u>\$ (604,311)</u>	<u>\$ -</u>	<u>\$ 18,955,572</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 100,496	-	-	\$ 100,496
Total capital assets being depreciated	<u>100,496</u>	<u>-</u>	<u>-</u>	<u>100,496</u>
Less accumulated depreciation for:				
Machinery and Equipment	(97,261)	\$ (913)	-	(98,174)
Total accumulated depreciation	<u>(97,261)</u>	<u>(913)</u>	<u>-</u>	<u>(98,174)</u>
Total capital assets, being depreciated, net	<u>3,235</u>	<u>(913)</u>	<u>-</u>	<u>2,322</u>
Business-type activities capital assets, net	<u>\$ 3,235</u>	<u>\$ (913)</u>	<u>\$ -</u>	<u>\$ 2,322</u>

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

Governmental Activities:

Instruction		
Regular		\$ 11,908
Special Education		<u>483</u>
Total Instruction		<u>12,391</u>
Support Services		
Student and Instructional Related Services		8,521
General Administrative Services		974
School Administrative Services		28,940
Central Services		727
Plant Operations and Maintenance		644,846
Pupil Transportation		<u>63,412</u>
Total Support Services		<u>747,420</u>
Total depreciation expense - governmental activities		<u>\$ 759,811</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 913</u>

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	\$ 1,263
General Fund	Capital Projects Fund	53
General Fund	Food Service Fund	5,653
General Fund	Enrichment Program Fund	8,409
Unemployment Trust Fund	General Fund	<u>1,000</u>
Total		<u>\$ 16,378</u>

The above balances are the result of revenues earned in one fund which are due to another fund and/or to cover cash balances which were in an overdraft position. The District expects all interfund balances to be liquidated within one year.

Interfund transfers

	<u>Transfer In:</u>
	<u>General</u>
Transfer Out:	
Capital Projects Fund	<u>\$ 12,753</u>
Total Transfers Out	<u>\$ 12,753</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund.

E. Leases

Capital Leases

The District is leasing building improvements, school buses, trucks and equipment totaling \$390,093 under capital leases. The leases are for terms of 3 to 5 years.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases (Continued)

Capital Leases (Continued)

The capital assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>
Machinery and Equipment	<u>\$ 390,093</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007 were as follows:

<u>Year Ending June 30</u>	Governmental <u>Activities</u>
2008	\$ 85,515
2009	72,678
2010	62,677
2011	<u>40,755</u>
Total minimum lease payments	261,625
Less: amount representing interest	<u>(23,472)</u>
Present value of minimum lease payments	<u>\$ 238,153</u>

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2007 are comprised of the following issues:

\$4,950,000, 1994 Bonds, due in annual installments of \$410,000 through December 15, 2009, interest at 6.2%	\$ 1,230,000
\$10,940,000, 2002 Bonds, due in annual installments of \$105,000 to \$960,000 through July 15, 2022, interest at 4.2% to 4.75%	<u>10,745,000</u>
	<u>\$11,975,000</u>

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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

Governmental Activities:

<u>Fiscal Year</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	635,000	423,091	1,058,091
2013-2017	3,640,000	1,671,054	5,311,054
2018-2022	4,500,000	767,576	5,267,576
2023-2027	<u>960,000</u>	<u>22,800</u>	<u>982,800</u>
	<u>\$ 11,975,000</u>	<u>\$ 4,861,073</u>	<u>\$ 16,836,073</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2007 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 88,757,608
Less: Net Debt	<u>11,975,000</u>
Remaining Borrowing Power	<u>\$ 76,782,608</u>

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 12,460,000		\$ 485,000	\$ 11,975,000	\$ 515,000
Capital Leases Payable	337,765		99,612	238,153	75,475
Compensated Absences	<u>293,728</u>	<u>\$ 27,971</u>	<u>26,562</u>	<u>295,137</u>	<u>15,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 13,091,493</u>	<u>\$ 27,971</u>	<u>\$ 611,174</u>	<u>\$ 12,508,290</u>	<u>\$ 605,475</u>

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

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Short-Term Debt

Project Notes/Grant Anticipation Notes/Loans Payable

The Board issues Grant Anticipation Notes to interim finance capital projects funded by the State Economic Authority's facility construction grants. The Board's short-term debt activity for the year ended June 30, 2007 was as follows:

<u>Purpose</u>	<u>Balance, July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2007</u>
Briarwood, Brooklake and Ridgedale Schools Schools Construction Projects	\$ 2,607,404	\$ 568,093	\$ 2,607,404	\$ 568,093
	<u>\$ 2,607,404</u>	<u>\$ 568,093</u>	<u>\$ 2,607,404</u>	<u>\$ 568,093</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 commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur.

The District is a member of the New Jersey School Boards Association Insurance Group. The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

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

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2007	\$ 17,000	\$ 11,065	\$ 30,630	\$ 1,949
2006	3,000	12,989	27,156	4,423
2005		10,291	16,682	15,503

B. Contingent Liabilities

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

Federal and State Awards - The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2007, 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, 2007, the District had no estimated arbitrage earnings due to the IRS.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Significant Legislation

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, 2006, 20 percent; for payments due in the State fiscal year ending June 30, 2007, 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.

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 through June 30, 2007. Under Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, the PERS and employee contribution rate will increase to 5.5 percent effective July 1, 2007. 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, 2007 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.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Contribution Requirements (Continued)

During the years ended June 30, 2007, 2006 and 2005 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:

<u>Year Ended</u> <u>June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>
2007	\$ 47,648	\$1,003,836
2006	41,767	577,455
2005	7,269	475,666

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$493,614 during the year ended June 30, 2007 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, 2006, there were 71,719 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 \$555.3 million for TPAF and \$211.5 million for PERS in fiscal year 2006.

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 \$100.7 million toward Chapter 126 benefits for 10,777 eligible retired members in fiscal year 2006.

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, 2007. 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, 2007**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 12,813,493		\$ 12,813,493	\$ 12,813,493	
Transportation Fees From Individuals	80,000		80,000	47,760	\$ (32,240)
Transportation Fees From Other LEA's		\$ 25,966	25,966	26,948	982
Interest				20,925	20,925
Interest on Capital Reserve	20		20	202	182
Miscellaneous	103,000	-	103,000	166,513	63,513
Total Local Sources	<u>12,996,513</u>	<u>25,966</u>	<u>13,022,479</u>	<u>13,075,841</u>	<u>53,362</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	
Above Average Enrollment Growth	82,805		82,805	82,805	
Additional Nonpublic Transportation Aid				9,420	9,420
Extraordinary Aid				101,044	101,044
Academic Achievement Reward Program				1,625	1,625
On-behalf Pension Payments - Normal cost (Non-Budget)				488,422	488,422
On-behalf TPAF Pension Payments - Post Retirement Medical (Non-Budget)				515,414	515,414
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	493,614	493,614
Total State Sources	<u>846,154</u>	<u>-</u>	<u>846,154</u>	<u>2,455,693</u>	<u>1,609,539</u>
Total Revenues	<u>13,842,667</u>	<u>25,966</u>	<u>13,868,633</u>	<u>15,531,534</u>	<u>1,662,901</u>
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	237,600	(14,190)	223,410	223,410	
Grades 1-5	2,102,362	161,248	2,263,610	2,263,610	
Grades 6-8	1,443,273	74,007	1,517,280	1,517,280	
Regular Program - Home Instruction					
Salaries of Teachers	6,000	4,202	10,202	10,202	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	187,250	2,627	189,877	189,877	
Purchased Professional/Educational Services	3,500	150	3,650	3,650	
Purchased Technical Services	16,575	(5,146)	11,429	11,429	
Other Purchased Services	81,650	(12,024)	69,626	69,626	
General Supplies	279,938	(13,312)	266,626	266,626	
Textbooks	40,894	(11,156)	29,738	29,738	
Other Objects	15,950	(4,339)	11,611	11,611	-
Total Regular Programs	<u>4,414,992</u>	<u>182,067</u>	<u>4,597,059</u>	<u>4,597,059</u>	<u>-</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	119,740	(71,995)	47,745	47,745	
Other Salaries for Instruction	28,460	17,569	46,029	46,029	
General Supplies	1,619	(79)	1,540	1,540	
Textbooks	1,500	(563)	937	937	-
Total Learning and/or Language Disabilities	<u>151,319</u>	<u>(55,068)</u>	<u>96,251</u>	<u>96,251</u>	<u>-</u>

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 817,660	\$ (93,391)	\$ 724,269	\$ 724,269	
Other Salaries for Instruction	155,590	(24,303)	131,287	131,287	
General Supplies	7,344	(1,395)	5,949	5,949	
Textbooks	3,550	(3,041)	509	509	-
Total Resource Room	984,144	(122,130)	862,014	862,014	-
Preschool Disabilities - Full-Time					
Salaries of Teachers	108,310	15,990	124,300	124,300	
Other Salaries for Instruction	49,073	1,700	50,773	50,773	
General Supplies	3,000	(196)	2,804	2,804	-
Total Preschool Disabilities - Full-Time	160,383	17,494	177,877	177,877	-
Total Special Education	1,295,846	(159,704)	1,136,142	1,136,142	-
Bilingual Education					
Salaries of Teachers	43,470	(12,420)	31,050	31,050	
General Supplies	-	1,517	1,517	1,517	-
Total Bilingual Education	43,470	(10,903)	32,567	32,567	-
School Sponsored Cocurricular Activities					
Salaries	55,180	10,659	65,839	65,839	
Supplies and Materials	7,325	(2,288)	5,037	5,037	-
Total School Sponsored Cocurricular Activities	62,505	8,371	70,876	70,876	-
School Sponsored Athletics					
Salaries	26,195	3,162	29,357	29,357	
Purchased Services	4,500	(1,425)	3,075	3,075	
Supplies and Materials	9,300	(5,170)	4,130	4,130	
Other Objects	1,500	(765)	735	735	-
Total School Sponsored Athletics	41,495	(4,198)	37,297	37,297	-
Other Instructional Programs					
Supplies and Materials	650	(425)	225	225	-
Total Other Instructional Programs	650	(425)	225	225	-
Total Instruction	5,858,958	15,208	5,874,166	5,874,166	-
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	419,481	(77,575)	341,906	341,906	
Tuition to CSSD & Reg. Day Schools	60,241	(2,982)	57,259	57,259	
Tuition to Priv. Sch. for the Disabled					
Within the State	352,943	(26,229)	326,714	326,246	\$ 468
Tuition - Other	-	50,000	50,000	50,000	-
Total Undistributed Expenditures - Instruction	832,665	(56,786)	775,879	775,411	468

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 205,450	\$ 3,209	\$ 208,659	\$ 208,659	
Other Purchased Services	1,692	(912)	780	780	
Supplies and Materials	6,800	956	7,756	7,756	
Other Objects	300	(174)	126	126	-
Total Health Services	214,242	3,079	217,321	217,321	-
Other Support Serv. Students - Related Serv.					
Salaries	325,380	(1,609)	323,771	323,771	
Purchased Professional-Educational Services	136,000	(40,578)	95,422	96,720	\$ (1,298)
Supplies and Materials	4,748	(3,753)	995	995	-
Total Other Support Serv. Students - Related Serv.	466,128	(45,940)	420,188	421,486	(1,298)
Other Support Services-Students-Extra Serv.					
Salaries	24,440	25,590	50,030	50,030	
Purchased Professional-Educational Services	-	-	-	-	-
Total Other Support Services - Students - Extra Serv.	24,440	25,590	50,030	50,030	-
Other Support Services-Students-Regular					
Salaries of Other Professional Staff	113,364		113,364	113,364	
Salaries of Secretarial and Clerical Assistants	51,258		51,258	51,258	
Other Purchased Professional and Tech. Services	36,170	(27,592)	8,578	8,578	
Other Purchased Services	950	(950)			
Supplies and Materials	11,036	(3,037)	7,999	7,999	
Other Objects	500	(500)	-	-	-
Total Other Support Services - Students - Regular	213,278	(32,079)	181,199	181,199	-
Other Support Services-Students-Special Services					
Salaries of Other Professional Staff	355,910	(84,286)	271,624	271,624	
Salaries of Secretarial and Clerical Assistants	48,835		48,835	48,835	
Purchased Professional - Educational Services	4,500	(3,100)	1,400	1,400	
Other Purchased Professional and Tech. Services	12,400	11,155	23,555	23,555	
Misc Purchased Services	5,200	(757)	4,443	4,443	
Supplies and Materials	11,200	(1,112)	10,088	10,088	
Other Objects	1,100	50	1,150	1,150	-
Total Other Support Services - Students - Special Services	439,145	(78,050)	361,095	361,095	-
Improvement of Instructional Services					
Salaries of Other Professional Staff	44,500	84	44,584	44,584	
Other Salaries	14,900	22,601	37,501	37,501	
Other Purchased Services	3,000	(3,000)			
Supplies and Materials	8,800	(8,800)			
Other Objects	2,000	(1,339)	661	661	-
Total Improvement of Instructional Services	73,200	9,546	82,746	82,746	-
Educational Media Services/School Library					
Salaries	272,832	(1,829)	271,003	271,003	
Purchased Professional and Technical Service	6,350		6,350	6,350	
Other Purchased Services	9,980	(835)	9,145	9,145	
Supplies and Materials	40,752	(15,594)	25,158	25,158	-
Total Educational Media Serv./School Library	329,914	(18,258)	311,656	311,656	-
Instructional Staff Training Services					
Salaries of Other Professional Staff	44,500	(44,500)			
Other Salaries		54,384	54,384	54,384	
Purchased Professional/Educational Services	52,150	(33,551)	18,599	18,599	
Other Purchased Services	4,200	(3,213)	987	987	
Supplies and Materials					
Other Objects	1,200	(75)	1,125	1,125	-
Total Staff Training Services	102,050	(26,955)	75,095	75,095	-

FLORHAM PARK BOARD OF EDUCATION
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 220,100	\$ 3,706	\$ 223,806	\$ 223,806	
Legal Services	50,000	(12,019)	37,981	57,574	\$ (19,593)
Audit Fees	19,500	(19,500)			
Other Purchased Professional Services	11,250	36,232	47,482	27,082	20,400
Communications/Telephone	48,750	(1,010)	47,740	47,740	
Other Purchased Services	36,000	(3,584)	32,416	32,416	
General Supplies	3,500	4,193	7,693	7,693	
Miscellaneous Expenditures	19,900	(6,484)	13,416	13,416	-
Total Support Services General Administration	409,000	1,534	410,534	409,727	807
Support Services School Administration					
Salaries of Principal/Asst. Principals	325,450	833	326,283	326,283	
Salaries of Other Professional Staff		22,917	22,917	22,917	
Salaries of Secretarial and Clerical Assistants	166,500	(2,426)	164,074	164,074	
Purchased Professional and Technical Services	2,750	(2,500)	250	250	
Other Purchased Services	31,450	(7,988)	23,462	23,462	
Supplies and Materials	8,165	1,434	9,599	9,599	
Other Objects	9,235	(3,271)	5,964	5,897	67
Total Support Services School Administration	543,550	8,999	552,549	552,482	67
Support Services Central Services					
Salaries	203,500	(7,764)	195,736	195,736	
Purchased Professional Services	3,500	2,968	6,468	6,468	
Purchased Technical Services	3,500	900	4,400	4,400	
Miscellaneous Purchased Services	16,000	(851)	15,149	15,149	
Supplies and Materials	6,800	3,507	10,307	10,307	
Interest on Current Loans	45,000	46,006	91,006	91,006	
Interest on Lease Purchase Agreements	2,200	(394)	1,806	1,806	
Other Objects	2,300	(1,005)	1,295	1,295	-
Total Support Central School Administration	282,800	43,367	326,167	326,167	-
Required Maintenance for School Facilities					
Salaries	122,150	(11,453)	110,697	110,697	
Cleaning, Repair and Maintenance Services	57,000	38,415	95,415	95,415	
General Supplies	24,000	12,097	36,097	36,097	
Other Objects	600	(254)	346	346	-
Total Required Maintenance for School Fac.	203,750	38,805	242,555	242,555	-
Other Operation & Maint. Of Plant					
Salaries	416,282	2,082	418,364	418,364	
Purchased Prof. And Technical Serv.	15,800	2,991	18,791	18,791	
Cleaning, Repair and Maint. Serv.	19,200	(2,438)	16,762	16,762	
Other Purchased Property Services	29,500	(3,076)	26,424	26,424	
Insurance	95,500	7,533	103,033	103,033	
General Supplies	30,000	10,090	40,090	40,090	
Energy	335,000	(10,470)	324,530	324,530	
Other Objects	500	423	923	923	-
Total Other Operation & Maint. Of Plant	941,782	7,135	948,917	948,917	-
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	155,000	20,857	175,857	175,857	
Salaries for Pupil Transportation (Between Home and School) - Special	95,000	36,018	131,018	131,018	
Salaries for Pupil Transportation (Other than Between Home and School)	20,000	4,055	24,055	24,055	
Management Fee - ESC & CTSA Transp. Prog.	8,075		8,075	8,075	
Other Purchased Prof. and Technical Serv.	800	166	966	966	
Cleaning, Repair and Maintenance Services	56,000	127,645	183,645	183,645	
Lease Purchase Payments - School Buses	39,000	(671)	38,329	38,329	
Contracted Services (Bet. Home and Sch)-Vendors	8,000	(4,841)	3,159	3,159	
Contracted Services (Other than Between Home and Sch) - Vendors	2,000	1,948	3,948	3,948	

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services (Continued)					
Contracted Services (Spl. Ed. Students) - Vendors	\$ 188,000	\$ 2,897	\$ 190,897	\$ 190,441	\$ 456
Contracted Services (Spl. Ed. Students) - Joint Agmts	9,250	23,268	32,518	32,518	
Contracted Services - Aid in Lieu of Payments					
Non-Public	55,870	6,764	62,634	62,634	
Contracted Services - Aid in Lieu of Payments					
Charter School					
Misc. Purchased Serv. - Transportation	22,000	1,513	23,513	23,513	
Supplies and Materials	13,000	5,968	18,968	18,968	
Other Objects	750	(125)	625	625	-
Total Student Transportation Services	672,745	225,462	898,207	897,751	456
Unallocated Benefits - Employee Benefits					
Social Security Contributions	152,000	24,909	176,909	176,909	
Other Retirement Contributions - Regular	57,000	(9,352)	47,648	47,648	
Unemployment Compensation		17,000	17,000	17,000	
Workers Compensation	110,000	2,403	112,403	112,403	
Health Benefits	1,795,000	36,718	1,831,718	1,831,718	
Tuition Reimbursement	42,000	(5,522)	36,478	36,478	
Other Employee Benefits	96,000	(18,825)	77,175	77,175	-
Total Unallocated Benefits - Employee Benefits	2,252,000	47,331	2,299,331	2,299,331	-
On-behalf TPAF Pension Payments -					
Normal Cost (Non-Budget)				488,422	(488,422)
On-behalf TPAF Pension Payments -					
Post Retirement Medical (Non-Budget)				515,414	(515,414)
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	493,614	(493,614)
Total On-Behalf Payments	-	-	-	1,497,450	(1,497,450)
Total Undistributed Expenditures	8,000,689	152,780	8,153,469	9,650,419	(1,496,950)
Transfer to Charter Schools	-	-	-	-	-
Total Expenditures - Current Expenditures	13,859,647	167,988	14,027,635	15,524,585	(1,496,950)
CAPITAL OUTLAY					
Equipment					
Grades 1-5					
Grades 6-8					
Undistributed Expenditures:					
Instruction	10,000	(3,637)	6,363	2,749	3,614
Operations and Maint. Of Plant Serv.	16,000	9,320	25,320	22,718	2,602
Other Support Service	-	3,637	3,637	3,637	-
Total Equipment	26,000	9,320	35,320	29,104	6,216
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services					
Construction Services	120,000	8,640	128,640	126,396	2,244
Lease Purchase Agreements - Principal	57,000	-	57,000	52,075	4,925
Total Facilities Acquis. and Const. Services	177,000	8,640	185,640	178,471	7,169
Total Capital Outlay	203,000	17,960	220,960	207,575	13,385
Total Expenditures	14,062,647	185,948	14,248,595	15,732,160	(1,483,565)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(219,980)	(159,982)	(379,962)	(200,626)	179,336

FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Other Financing Sources (Uses)					
Operating Transfers In - Capital Projects Fund	-	-	-	\$ 12,753	\$ 12,753
Total Other Financing Sources (Uses)	-	-	-	12,753	12,753
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	\$ (219,980)	\$ (159,982)	\$ (379,962)	(187,873)	192,089
Fund Balance, Beginning of Year	561,230	-	561,230	561,230	-
Fund Balance, End of Year	<u>\$ 341,250</u>	<u>\$ (159,982)</u>	<u>\$ 181,268</u>	<u>\$ 373,357</u>	<u>\$ 192,089</u>

Recapitulation of Fund Balance

Reserved for Encumbrances	\$ 20,400
Capital Reserve	82,349
Unreserved - Designated for Subsequent Year's Expenditures	120,000
Unreserved, Undesignated	<u>150,608</u>
Reconciliation to Governmental Funds Statements (GAAP):	373,357
Less: State Aid Revenue Not Recognized on GAAP Basis	<u>(130,721)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 242,636</u>

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 229,517	\$ 55,065	\$ 284,582	\$ 278,920	\$ (5,662)
State	93,158	9,373	102,531	79,781	(22,750)
Local	-	8,600	8,600	9,252	652
	<u>322,675</u>	<u>73,038</u>	<u>395,713</u>	<u>367,953</u>	<u>(27,760)</u>
Total Revenues					
EXPENDITURES					
Instruction					
Salaries of Teachers	18,500	(2,042)	16,458	19,604	(3,146)
Purchased Professional Technical Services	54,109	5,147	59,256	36,520	22,736
Tuition	174,644	27,309	201,953	201,953	
General Supplies	10,080	10,024	20,104	19,819	285
Textbooks	14,064	-	14,064	14,064	-
	<u>271,397</u>	<u>40,438</u>	<u>311,835</u>	<u>291,960</u>	<u>19,875</u>
Total Instruction					
Support Services					
Purchased Professional/Educational Services	48,578	20,601	69,179	64,495	4,684
Supplies	-	9,170	9,170	8,744	426
	<u>48,578</u>	<u>29,771</u>	<u>78,349</u>	<u>73,239</u>	<u>5,110</u>
Total Support Services					
Unallocated Employee Benefits	<u>2,700</u>	<u>2,829</u>	<u>5,529</u>	<u>2,754</u>	<u>2,775</u>
Facilities Acquisition and Construction Services					
Noninstructional Equipment	-	-	-	-	-
	<u>322,675</u>	<u>73,038</u>	<u>395,713</u>	<u>367,953</u>	<u>27,760</u>
Total Expenditures					
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, 2007**

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

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

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 15,531,534	(C-2)	\$ 367,953
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, 2006				
Encumbrances, June 30, 2007				
State Aid payment recognized for budgetary purpose not recognized for GAAP statements (2005/2006 State aid)		119,931		
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2006/2007 State aid)		<u>(130,721)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2)	<u>\$ 15,520,744</u>	(B-2)	<u>\$ 367,953</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 15,732,160	(C-2)	\$ 367,953
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, 2006				
Encumbrances, June 30, 2007		<u>-</u>		<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	<u>\$ 15,732,160</u>	(B-2)	<u>\$ 367,953</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

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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, 2007**

	IDEA Part B Basic 2005/06 Carryover	IDEA Part B Basic 2004/05 Carryover	IDEIA Part B Preschool	NCLB Title IIA	NCLB Title II 2005/06 Carryover	Total Exhibit E-1A	Total Exhibit E-1B	2007
REVENUES								
Intergovernmental								
Federal	\$ 204,772	\$ 14,337	\$ 9,058	\$ 29,782	\$ 2,050	\$ 6,699	\$ 76,686	\$ 278,920
State	-	-	-	-	-	3,095	9,252	79,781
Local	-	-	-	-	-	-	-	9,252
Total Revenues	<u>\$ 204,772</u>	<u>\$ 14,337</u>	<u>\$ 9,058</u>	<u>\$ 29,782</u>	<u>\$ 2,050</u>	<u>\$ 9,794</u>	<u>\$ 85,938</u>	<u>\$ 367,953</u>
EXPENDITURES								
Instruction								
Salaries of Teachers				\$ 18,404		\$ 1,200	\$ 33,831	\$ 19,604
Purchased Prof. and Technical Services						2,689		36,520
Tuition	\$ 187,291	\$ 5,604	\$ 9,058			487	19,332	201,953
General Supplies	-	-	-	-	-	-	14,064	19,819
Textbooks	-	-	-	-	-	-	-	14,064
Total Instruction	<u>187,291</u>	<u>5,604</u>	<u>9,058</u>	<u>18,404</u>	<u>-</u>	<u>4,376</u>	<u>67,227</u>	<u>291,960</u>
Support Services								
Personnel Services - Employee Benefits				2,550		204		2,754
Purchased Professional/Educational Services	17,481	6,618	14,337	450	\$ 1,725	5,173	18,711	64,495
Supplies	-	-	-	8,378	325	41	-	8,744
Total Support Services	<u>17,481</u>	<u>6,618</u>	<u>14,337</u>	<u>11,378</u>	<u>2,050</u>	<u>5,418</u>	<u>18,711</u>	<u>75,993</u>
Facilities Acquisition and Construction Services								
Noninstructional Equipment	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Const. Svc	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 204,772</u>	<u>\$ 14,337</u>	<u>\$ 9,058</u>	<u>\$ 29,782</u>	<u>\$ 2,050</u>	<u>\$ 9,794</u>	<u>\$ 85,938</u>	<u>\$ 367,953</u>

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	NCLB Title II 2004/05 Carryover	NCLB Title IV 2004/05 Carryover	NCLB Title V 2005/06 Carryover	NCLB Title V	Character Education Carryover	Non-Public Ch. 192 ESL	Total E-1A
REVENUES							
Intergovernmental							
Federal	\$ 2,775	\$ 1,700	\$ 393	\$ 386	\$ 1,445	\$ -	\$ 6,699
State	-	-	-	-	-	\$ 406	3,095
Local	-	-	-	-	-	-	-
Total Revenues	<u>\$ 2,775</u>	<u>\$ 1,700</u>	<u>\$ 393</u>	<u>\$ 386</u>	<u>\$ 1,445</u>	<u>\$ 406</u>	<u>\$ 9,794</u>
EXPENDITURES							
Instruction							
Salaries of Teachers				\$ 1,200			\$ 1,200
Purchased Prof. and Technical Services					\$ 2,689		2,689
Tuition	\$ 487						487
General Supplies							
Textbooks							
Total Instruction	<u>-</u>	<u>487</u>	<u>-</u>	<u>-</u>	<u>2,689</u>	<u>-</u>	<u>4,376</u>
Support Services							
Personnel Services - Employee Benefits				204			204
Purchased Professional/Educational Services	\$ 2,775	\$ 1,213	\$ 393	\$ 386		\$ 406	5,173
Supplies	-	-	-	-		-	41
Total Support Services	<u>2,775</u>	<u>1,213</u>	<u>393</u>	<u>386</u>	<u>-</u>	<u>406</u>	<u>5,377</u>
Facilities Acquisition and Construction Services							
Noninstructional Equipment							
Total Facilities Acquisition and Const. Svc	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 2,775</u>	<u>\$ 1,700</u>	<u>\$ 393</u>	<u>\$ 386</u>	<u>\$ 1,445</u>	<u>\$ 406</u>	<u>\$ 9,794</u>

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Nonpublic Ch. 193										
	Nonpublic Ch. 192	Compensatory Instruction	Corrective Speech	Exam. & Classification	Supplemental Instruction	Home Instruction	Nonpublic Nursing	Nonpublic Textbooks	Nonpublic Technology	PTA Grants	Total E-1B
REVENUES											
Intergovernmental											
Federal											
State	\$ 10,179	\$ 5,487	\$ 10,611	\$ 7,517	\$ 37	\$ 18,711	\$ 14,064	\$ 10,080	\$ 9,252	\$ 76,686	
Local										9,252	
Total Revenues	<u>\$ 10,179</u>	<u>\$ 5,487</u>	<u>\$ 10,611</u>	<u>\$ 7,517</u>	<u>\$ 37</u>	<u>\$ 18,711</u>	<u>\$ 14,064</u>	<u>\$ 10,080</u>	<u>\$ 9,252</u>	<u>\$ 85,938</u>	
EXPENDITURES											
Instruction											
Salaries of Teachers	\$ 10,179	\$ 5,487	\$ 10,611	\$ 7,517	\$ 37					\$ 33,831	
Purchased Prof. and Technical Services											
Tuition											
General Supplies									\$ 10,080	\$ 9,252	19,332
Textbooks											14,064
Total Instruction	<u>10,179</u>	<u>5,487</u>	<u>10,611</u>	<u>7,517</u>	<u>37</u>	<u>-</u>	<u>14,064</u>	<u>10,080</u>	<u>9,252</u>	<u>67,227</u>	
Support Services											
Personnel Services - Employee Benefits											
Purchased Professional/Educational Services											
Supplies											
Total Support Services											
Facilities Acquisition and Construction Services											
Noninstructional Equipment											
Total Facilities Acquisition and Const. Svc											
Total Expenditures	<u>\$ 10,179</u>	<u>\$ 5,487</u>	<u>\$ 10,611</u>	<u>\$ 7,517</u>	<u>\$ 37</u>	<u>\$ 18,711</u>	<u>\$ 14,064</u>	<u>\$ 10,080</u>	<u>\$ 9,252</u>	<u>\$ 85,938</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, 2007**

NOT APPLICABLE

**SCHEDULE OF EARLY CHILDHOOD PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOT APPLICABLE

**SCHEDULE OF DISTANCE LEARNING NETWORK AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOT APPLICABLE

**SCHEDULE OF INSTRUCTIONAL SUPPLEMENT AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**FLORHAM PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Issue/Project Title</u>	<u>Expenditures to Date</u>			<u>Unexpended Balance, June 30, 2007</u>
	<u>Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	
Briarwood Multipurpose Room	\$ 162,600	\$ 151,283	\$ -	\$ 11,317
	<u>\$ 162,600</u>	<u>\$ 151,283</u>	<u>\$ -</u>	<u>\$ 11,317</u>

Reconciliation to GAAP

Budget Balance - Budgetary Basis	\$ 11,317
Less:	
Unearned EDA Grant Revenue - Briarwood Multipurpose Room	<u>4,398</u>
Fund Balance - GAAP, June 30, 2007	<u>\$ 6,919</u>

Analysis of Project Funding Sources

Briarwood Multipurpose Room	
State Facilities Grant	\$ 61,741
Transfer from Capital Reserve	<u>100,859</u>
	<u>\$ 162,600</u>

**FLORHAM PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Revenues and Other Financing Sources

Revenues		
Interest	\$	12,753
State Sources- SCC Grant		<u>4,398</u>
 Total Revenues and Other Financing Sources		 <u>17,151</u>
 Expenditures and Other Financing Uses		
Other Financing Uses		
Transfers Out - General Fund		<u>12,753</u>
 Total Expenditures and Other Financing Uses		 <u>12,753</u>
 Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses		 4,398
 Fund Balance- Beginning of Year		 <u>6,919</u>
 Fund Balance- End of Year	\$	 <u><u>11,317</u></u>

Reconciliation to GAAP

Fund Balance - End of Year - Budgetary Basis	\$	11,317
Less: Unearned EDA Grant Revenue		<u>4,398</u>
Fund Balance, June 30, 2007 - GAAP	\$	<u><u>6,919</u></u>

ENTERPRISE FUND

**FLORHAM PARK BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>Enrichment Program</u>	<u>Total</u>
ASSETS			
Intergovernmental Receivable, Net Federal	\$ 369	-	\$ 369
Total Current Assets	369	-	369
Capital Assets			
Equipment	100,496		100,496
Accumulated Depreciation	98,174	-	98,174
Total Capital Assets	2,322	-	2,322
Total Assets	2,691	-	2,691
LIABILITIES			
Due to Other Funds	5,653	\$ 8,409	14,062
NET ASSETS			
Invested in Capital Assets	2,322		2,322
Unrestricted	(5,284)	(8,409)	(13,693)
Total Net Assets	\$ (2,962)	\$ (8,409)	\$ (11,371)

**FLORHAM PARK BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Business-Type Activities Enterprise Funds</u>		
	<u>Food Service</u>	<u>Enrichment Program</u>	<u>Total</u>
OPERATING REVENUES			
Local Sources			
Daily Sales	\$ 8,317		\$ 8,317
Registration Fees	-	\$ 855	855
Total Operating Revenues	<u>8,317</u>	<u>855</u>	<u>9,172</u>
OPERATING EXPENSES			
Cost of Sales	11,936		11,936
Salaries and Benefits	6,365	4,058	10,423
Depreciation	913	-	913
Total Operating Expenses	<u>19,214</u>	<u>4,058</u>	<u>23,272</u>
Operating Loss	<u>(10,897)</u>	<u>(3,203)</u>	<u>(14,100)</u>
Nonoperating Revenues			
Federal Sources			
National School Lunch Program	6,444	-	6,444
Total Nonoperating Revenues	<u>6,444</u>	<u>-</u>	<u>6,444</u>
Changes in Net Assets	(4,453)	(3,203)	(7,656)
Total Net Assets, Beginning of Year	<u>1,491</u>	<u>(5,206)</u>	<u>(3,715)</u>
Total Net Assets, End of Year	<u>\$ (2,962)</u>	<u>\$ (8,409)</u>	<u>\$ (11,371)</u>

**FLORHAM PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>Enrichment Program</u>	<u>Total</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 8,317	\$ 855	\$ 9,172
Cash Payments for Employee Salaries			
Salaries & Benefits	(6,365)	(4,058)	(10,423)
Cash Payments to Suppliers for Goods and Services	<u>(11,936)</u>	<u>-</u>	<u>(11,936)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(9,984)</u>	<u>(3,203)</u>	<u>(13,187)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	6,600		6,600
Cash Received from Other Funds	<u>3,384</u>	<u>3,203</u>	<u>6,587</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>9,984</u>	<u>3,203</u>	<u>13,187</u>
Net Increase (Decrease) in Cash and Cash Equivalents			
Cash and Cash Equivalents, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</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)	\$ (10,897)	\$ (3,203)	\$ (14,100)
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>\$ (9,984)</u>	<u>\$ (3,203)</u>	<u>\$ (13,187)</u>

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FIDUCIARY FUNDS

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 33,648	\$ 7,752	\$ 41,400
Total Assets	<u>\$ 33,648</u>	<u>\$ 7,752</u>	<u>\$ 41,400</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 4,145	\$ 4,145
Accrued Salaries and Wages		2,344	2,344
Due to Other Funds		1,263	1,263
Due to Student Groups	\$ 33,648	-	33,648
Total Liabilities	<u>\$ 33,648</u>	<u>\$ 7,752</u>	<u>\$ 41,400</u>

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Balance, July 1, 2006</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2007</u>
ELEMENTARY SCHOOLS				
Briarwood	\$ 2,434	\$ 5,099	\$ 4,788	\$ 2,745
Brooklake	1,985	7,127	6,965	2,147
MIDDLE SCHOOLS				
Ridgedale Athletics		4,500	4,500	
Ridgedale	<u>18,408</u>	<u>106,361</u>	<u>96,013</u>	<u>28,756</u>
Total All Schools	<u>\$ 22,827</u>	<u>\$ 123,087</u>	<u>\$ 112,266</u>	<u>\$ 33,648</u>

**FLORHAM PARK BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Balance, July 1, <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2007</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 18,952	\$ 3,762,624	\$ 3,777,431	\$ 4,145
Accrued Salaries and Wages		5,723,836	5,721,492	2,344
Due to Other Funds	<u>1,392</u>	<u>1,797</u>	<u>1,926</u>	<u>1,263</u>
 Total	 <u>\$ 20,344</u>	 <u>\$ 9,488,257</u>	 <u>\$ 9,500,849</u>	 <u>\$ 7,752</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, 2007**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2006</u>	<u>Matured</u>	<u>Balance, June 30, 2007</u>
School District Bonds - Series 1994	12/15/1994	\$ 4,950,000	12/15/07-09	\$ 410,000	6.20	\$ 1,640,000	\$ 410,000	\$ 1,230,000
School District Bonds - Series 2002	7/15/2002	10,940,000	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			
						10,820,000	75,000	10,745,000
						\$ 12,460,000	\$ 485,000	\$ 11,975,000

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, June 30, 2006</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2007</u>
2000 Lighting Retrofit Project	\$ 129,336	\$ 22,143		\$ 22,143	
2004 Bus - 54 Passenger	60,575	24,780		12,243	\$ 12,537
2004 Ford F350 Utility Trucks (2)	46,470	28,256		9,136	19,120
2006 Bus - 54 Passenger, 2004 Ford F350 Pickup Truck, 2005 Dodge Caravan SE	101,062	80,600		19,145	61,455
Installation of Telecommunications / Public Address / Voice Mail Systems	131,982	131,982		27,663	104,319
2006 Bus - 24 Passenger	50,004	<u>50,004</u>	<u>-</u>	<u>9,282</u>	<u>40,722</u>
		<u>\$ 337,765</u>	<u>\$ -</u>	<u>\$ 99,612</u>	<u>\$ 238,153</u>

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,053,365	-	\$ 1,053,365	1,053,365	-
Total Revenues	<u>1,053,365</u>	<u>-</u>	<u>1,053,365</u>	<u>1,053,365</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	485,000		485,000	485,000	
Interest	568,366	-	568,366	568,365	1
Total Expenditures	<u>1,053,366</u>	<u>-</u>	<u>1,053,366</u>	<u>1,053,365</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	-	(1)	-	1
Fund Balance, Beginning of Year	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 1</u>

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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.

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

(Unaudited)

(accrual basis of accounting)

	2004	2005	2006	2007
Governmental activities				
Invested in capital assets, net of related debt	\$ 6,784,337	\$ 6,852,751	\$ 6,762,118	\$ 6,742,419
Restricted	114,565	104,339	209,068	89,270
Unrestricted	38,335	(212,420)	(374,914)	(386,851)
Total governmental activities net assets	\$ 6,937,237	\$ 6,744,670	\$ 6,596,272	\$ 6,444,838
Business-type activities				
Invested in capital assets, net of related debt	\$ 5,405	\$ 3,721	\$ 3,235	\$ 2,322
Restricted				
Unrestricted	5,345	3,511	(6,950)	(13,693)
Total business-type activities net assets	\$ 10,750	\$ 7,232	\$ (3,715)	\$ (11,371)
District-wide				
Invested in capital assets, net of related debt	\$ 6,789,742	\$ 6,856,472	\$ 6,765,353	\$ 6,744,741
Restricted	114,565	104,339	209,068	89,270
Unrestricted	43,680	(208,909)	(381,864)	(400,544)
Total district net assets	\$ 6,947,987	\$ 6,751,902	\$ 6,592,557	\$ 6,433,467

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 four 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 FOUR FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2004	2005	2006	2007
Expenses				
Governmental Activities				
Instruction				
Regular	\$ 5,474,587	\$ 5,521,996	\$ 5,809,031	\$ 6,571,189
Special Education	1,752,336	2,455,940	2,554,818	2,607,536
Other Instruction	83,181	70,221	69,663	83,439
School Sponsored Activities and Athletics	163,886	129,699	139,489	139,328
Support Services:				
Student & Instruction Related Services	1,566,051	1,817,140	2,250,544	2,428,809
General Administrative Services	762,681	557,374	548,193	491,435
School Administrative Services	833,658	654,996	721,807	836,001
Central Services/Business Services	326,534	250,832	292,896	407,181
Plant Operations and Maintenance	1,605,918	1,928,465	1,994,220	2,000,682
Pupil Transportation	554,681	773,436	826,229	1,031,136
Interest on Long-Term Debt	657,338	688,584	665,301	509,513
Total Governmental Activities Expenses	<u>13,780,851</u>	<u>14,848,683</u>	<u>15,872,191</u>	<u>17,106,249</u>
Business-Type Activities:				
Food Service	12,440	19,694	21,407	19,214
Enrichment Program			5,206	4,058
Total Business-Type Activities Expense	<u>12,440</u>	<u>19,694</u>	<u>26,613</u>	<u>23,272</u>
Total District Expenses	<u>\$ 13,793,291</u>	<u>\$ 14,868,377</u>	<u>\$ 15,898,804</u>	<u>\$ 17,129,521</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
Pupil Transportation	\$ 34,870	\$ 42,363	\$ 42,853	\$ 74,708
Operating Grants and Contributions	1,851,096	2,014,423	2,201,960	2,658,388
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>	<u>2,733,096</u>
Business-type activities:				
Charges for Services				
Food Service	8,544	8,700	8,615	8,317
Enrichment Program				855
Operating Grants and Contributions	5,491	7,476	6,624	6,444
Total Business Type Activities Program Revenues	<u>14,035</u>	<u>16,176</u>	<u>15,239</u>	<u>15,616</u>
Total District Program Revenues	<u>\$ 3,702,013</u>	<u>\$ 2,138,119</u>	<u>\$ 2,350,629</u>	<u>\$ 2,748,712</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (10,092,873)	\$ (12,726,740)	\$ (13,536,801)	\$ (14,373,153)
Business-Type Activities	1,595	(3,518)	(11,374)	(7,656)
Total District-Wide Net Expense	<u>\$ (10,091,278)</u>	<u>\$ (12,730,258)</u>	<u>\$ (13,548,175)</u>	<u>\$ (14,380,809)</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes Levied for General Purposes, Net	\$ 10,771,768	\$ 11,307,037	\$ 12,359,375	\$ 12,813,493
Property Taxes Levied for Debt Service	782,824	1,061,420	1,055,500	1,053,365
Unrestricted Aid, Grants and Contributions	45,355	112,719	71,994	154,468
Investment Earnings	52,275	22,755	25,864	33,880
Miscellaneous Income	10,431	30,242	39,708	166,513
Transfers	-	-	-	-
Total Governmental Activities	<u>11,662,653</u>	<u>12,534,173</u>	<u>13,552,441</u>	<u>14,221,719</u>
Business-Type Activities:				
Investment Earnings	-	-	-	-
Food Service	-	-	-	-
Transfers	-	-	-	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 11,662,653</u>	<u>\$ 12,534,173</u>	<u>\$ 13,552,441</u>	<u>\$ 14,221,719</u>
Special Items				
Governmental Activities:				
Loss on Disposal of Assets	-	-	\$ (164,038)	-
Total Governmental Activities	<u>-</u>	<u>-</u>	<u>(164,038)</u>	<u>-</u>
Change in Net Assets				
Governmental Activities	\$ 1,569,780	\$ (192,567)	\$ (148,398)	\$ (151,434)
Business-Type Activities	1,595	(3,518)	(11,374)	(7,656)
Total District	<u>\$ 1,571,375</u>	<u>\$ (196,085)</u>	<u>\$ (159,772)</u>	<u>\$ (159,090)</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 four 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
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST FOUR FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	2004	2005	2006	2007
General Fund				
Reserved	\$ 330,087	\$ 69,676	\$ 273,700	\$ 102,749
Unreserved	464,703	315,505	167,599	139,887
Total General Fund	<u>\$ 794,790</u>	<u>\$ 385,181</u>	<u>\$ 441,299</u>	<u>\$ 242,636</u>
All Other Governmental Funds				
Reserved	\$ 186,634	\$ 130,308		
Unreserved	(23,600)	(40,506)	6,921	6,921
Total all other governmental funds	<u>\$ 163,034</u>	<u>\$ 89,802</u>	<u>\$ 6,921</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 four 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 FOUR FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2004	2005	2006	2007
Revenues				
Tax Levy	\$ 11,554,592	\$ 12,368,457	\$ 13,414,875	\$ 13,866,858
Transportation	34,870	42,363	42,853	74,708
Interest Earnings	52,275	22,755	25,864	33,880
Miscellaneous	10,431	30,242	79,708	175,765
State Sources	3,525,231	1,982,174	2,074,304	2,524,684
Federal Sources	173,232	210,125	250,227	278,920
Total Revenue	<u>15,350,631</u>	<u>14,656,116</u>	<u>15,887,831</u>	<u>16,954,815</u>
Expenditures				
Instruction				
Regular Instruction	5,487,472	5,513,212	5,736,178	6,568,515
Special Education Instruction	1,798,502	2,494,494	2,532,878	2,619,972
Other instruction	83,181	70,221	69,663	83,439
School Sponsored Activities/Athletics	161,082	128,311	139,489	139,328
Support Services:				
Student and Inst. Related Services	1,578,352	1,844,327	2,232,447	2,417,696
General Administrative Services	688,285	537,630	621,725	499,724
School Administrative Services	810,201	641,633	690,572	777,949
Central Services/Business Services	323,466	249,263	292,790	405,815
Plant Operations and Maintenance	1,179,549	1,407,771	1,321,457	1,355,354
Pupil Transportation	602,009	728,077	762,817	967,724
Capital Outlay	9,304,105	430,206	502,537	155,500
Debt Service				
Principal	350,000	552,885	541,947	584,612
Interest and Other Charges	644,580	674,513	672,131	577,850
Total Expenditures	<u>23,010,784</u>	<u>15,272,543</u>	<u>16,116,631</u>	<u>17,153,478</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(7,660,153)	(616,427)	(228,800)	(198,663)
Other Financing sources (uses)				
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	12,753
Transfers Out	(51,808)	(136,308)	(26,024)	(12,753)
Total Other Financing Sources (Uses)	<u>124,582</u>	<u>133,586</u>	<u>202,037</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (7,535,571)</u>	<u>\$ (482,841)</u>	<u>\$ (26,763)</u>	<u>\$ (198,663)</u>
Debt Service as a Percentage of				
Noncapital Expenditures	7.26%	8.27%	7.78%	6.84%

* 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 four 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)**

Fiscal Year Ended June 30,	Interest	Tuition	Transportation Fees	Prior Year Reimbursements	BMPHIF Surplus	Prior Year Orders Canceled	Cancel Old Outstanding Checks	E-Rate	Miscellaneous	Total
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
2007	21,127		74,708	41,143	\$ 86,268		\$ 10,897	28,205		262,348

FLOHAM 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 ^a
1998	\$ 35,140,149	\$ 764,762,900		\$ 119,800	\$ 360,597,200	\$ 191,901,400		\$ 1,352,521,449	\$ 6,349,580	\$ 1,358,871,029	\$ 1,450,727,460	0.37
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	39,538,800	783,740,700		119,800	476,053,400	156,135,600	\$ 39,100,900	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	153,752,700	68,484,300	1,549,923,000	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	94,075,100	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	1,586,460,000	2,706,314	1,589,186,314	2,843,114,880	0.80
2006 b	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
2007	66,582,200	1,977,590,900	\$ 716,800	119,800	894,240,000	228,460,100	161,878,700	3,329,588,500	4,556,753	3,334,145,253	N/A	0.43

Source: County Abstract of Ratables

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

N/A Not Available

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		
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	
2007	0.43	0.20	0.32	0.22	1.16	

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 TEN YEARS AGO
(Unaudited)**

Taxpayer	2007 (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	3.37%	\$ 77,247,400	5.65%
Park Ave Realty	109,410,200	3.28%		
Well Reit	103,078,100	3.09%		
Rock - GW Miramar	73,500,100	2.20%		
Avalonbay Cumming	65,369,900	1.96%		
LH Florham Holding	65,132,800	1.95%		
Sunvalley Plaza LLC	47,244,200	1.42%		
Riverbend Developers LLC	35,655,200	1.07%		
71 Hanover FPK-Assoc.	30,013,500	0.90%		
Kull Bren	29,660,600	0.89%		
Columbia Corp. Ctr.	26,489,000	0.79%		
Asco Mfg.	25,090,000	0.75%		
Automatic Switch			154,645,824	11.30%
TR Koll			36,417,900	2.66%
Fairleigh Dickinson Univ.			28,720,000	2.10%
Exxon Mobil			26,168,600	1.91%
Exxon Research			22,772,600	1.67%
Prudential Ins. Co.			19,200,000	1.40%
500 Columbia Tpke. Assoc.	30,634,600	0.92%	16,965,500	1.24%
Connecticut General Life Ins. Co.			10,541,500	0.77%
Ohaus Scale			7,350,000	0.54%
	<u>\$ 753,737,000</u>	<u>22.61%</u>	<u>\$ 400,029,324</u>	<u>29.24%</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		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2007	13,866,858	13,866,858	100%	-

**FLORHAM PARK BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST THREE 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	12,614	\$ 1,273	
2006	12,460,000	337,765	2,607,404	15,405,169	12,605	1,222	
2007	11,975,000	238,153	568,093	12,781,246	12,605	1,014	

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 three 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
(Unaudited)

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			
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	1,094
2004	13,360,000		13,360,000	0.84	1,064
2005	12,920,000		12,920,000	0.81	1,024
2006	12,460,000		12,460,000	0.38	988
2007	11,975,000		11,975,000	N/A	950

Source: District records

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

N/A - Not Available

**FLORHAM PARK BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2006
(Unaudited)**

Total Debt

Municipal Debt: (1)	
Florham Park Board of Education (as of June 30, 2007)	\$ 12,543,093
Regional High School - Florham Park's Share	9,403,511
Borough of Florham Park	<u>21,745,276</u>
	<u>43,691,880</u>
Overlapping Debt Apportioned to the Municipality:	
Morris County: (2)	
County of Morris (A)	<u>8,995,097</u>
	<u>8,995,097</u>
 Total Direct and Overlapping Debt	 <u>\$ 52,686,977</u>

Source:

- (1) Borough of Florham Park's 2006 Annual Debt Statement
(2) Morris County's 2006 Annual Debt Statement
(A) The debt for this entity was apportioned by dividing the municipality's 2006 equalized value by the total 2006 equalized value for Morris County.

FLORHAM PARK BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST NINE FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2007

	Equalized valuation basis
2004	2,827,034,336
2005	2,943,376,623
2006	3,105,349,878
	<u>\$ 8,875,760,837</u>
	<u>\$ 2,958,586,946</u>
	Debt limit (3 % of average equalization value)
	\$ 88,757,608
	Total Net Debt Applicable to Limit
	<u>\$ 76,782,608</u>

	Fiscal Year								
	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$ 43,674,982	\$ 44,808,360	\$ 48,102,856	\$ 53,834,232	\$ 60,906,981	\$ 69,339,944	\$ 77,455,093	\$ 83,824,516	\$ 88,757,608
Total net debt applicable to limit	3,995,000	3,715,000	3,420,000	16,953,329	16,608,762	16,258,762	15,527,404	13,028,094	11,975,000
Legal debt margin	\$ 39,679,982	\$ 41,093,360	\$ 44,682,856	\$ 36,880,903	\$ 44,298,219	\$ 53,081,182	\$ 61,927,689	\$ 70,796,422	\$ 76,782,608
Total net debt applicable to the limit as a percentage of debt limit	9.15%	8.29%	7.11%	31.49%	27.27%	23.45%	20.05%	15.54%	13.49%

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>
1998	9,073	47,975	2.8%
1999	9,089	49,647	2.8%
2000	10,296	56,153	2.3%
2001	12,229	56,456	2.9%
2002	12,251	55,790	4.4%
2003	12,528	56,129	4.5%
2004	12,559	60,239	3.6%
2005	12,614	62,583	2.8%
2006	12,605	N/A	2.7%
2007	12,605	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>Employer</u>	<u>2007</u>		<u>1998</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 THREE FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Instruction	97.5	97.3	104.2
Support Services			
Student and Instruction Related Services	22.0	23.5	23.6
General Administration	3.0	2.2	2.2
School Administrative Services	6.0	6.0	6.0
Central Services	3.0	3.0	3.0
Plant Operations and Maintenance	12.0	10.4	10.4
Pupil Transportation	5.5	6.4	12.0
Total	<u>149.0</u>	<u>148.8</u>	<u>161.4</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 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
 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					
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	1,007	14,400,016	14,300	1.35%	96	1:12	1:12	993	950	2.90%	95.67%	
2007	1,011	15,835,516	15,663	9.53%	98	1:12	1:12	998	960	0.50%	96.19%	

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)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
District Building										
<u>Elementary</u>										
Brooklake										
Square Feet	36,700	36,700	36,700	36,700	36,700	50,700	50,700	50,700	50,700	50,700
Enrollment									339	335
Briarwood										
Square Feet	37,100	37,100	37,100	37,100	37,100	47,000	47,000	47,000	47,000	47,000
Enrollment									340	343
<u>Middle School</u>										
Ridgedale										
Square Feet	55,100	55,100	55,100	55,100	55,100	76,100	76,100	76,100	76,100	76,100
Enrollment									314	320
Number of Schools at June 30, 2007										
Elementary =	2									
Middle School =	1									
	3									

Source: District Records

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

Undistributed Expenditures - Required Maintenance for School Facilities 11-000-261-xxx	<u>Project Nos.</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
School Facilities								
Brooklake Elementary School	N/A	\$ 110,290	\$ 105,761	\$ 43,042	\$ 55,165	\$ 79,746	\$ 85,752	\$ 79,347
Briarwood Elementary School	N/A	109,141	104,660	49,198	33,869	60,084	91,908	85,043
Ridgedale Elementary School	N/A	<u>163,521</u>	<u>156,806</u>	<u>52,495</u>	<u>74,589</u>	<u>63,431</u>	<u>84,475</u>	<u>78,165</u>
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>	<u>\$ 242,555</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, 2007
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG		
Property - Blanket Building & Contents	\$ 34,770,287	\$ 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

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SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17-17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WEBSITE -www. lvhepa.com

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JOSEPH F. KELLY, CPA, RMA, PSA
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JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA

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

Honorable President and Members
of the Board of Trustees
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, 2007, which collectively comprise the Florham Park Board of Education's basic financial statements and have issued our report thereon dated September 19, 2007. 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 the Florham Park Board of Education of Florham Park's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Florham Park Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Florham Park Board of Education's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Florham Park Board of Education's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Florham Park Board of Education's financial statements that is more than inconsequential will not be prevented or detected by the Florham Park Board of Education's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2007-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Florham Park Board of Education's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.


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 an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2007-1.

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 September 19, 2007.

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

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17-17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201)791-3035
WEBSITE -www.lvhcpa.com

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 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 Aid/Grant Compliance Supplement" that are applicable to each of its major state programs for the fiscal year ended June 30, 2007. 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, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which 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 item 2007-2.

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 federal and 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Board's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in the Board's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the Board's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-2 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the Board's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2007-2 to be a material weakness.

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.

Leach, 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
 September 19, 2007

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2006	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	June 30, 2007 (Account Receivable)	Deferred Revenue	Due to Grantor at June 30, 2007
U.S. Department of Agriculture Passed-through State Department of Education												
Special Milk Program	10.556	N/A	7/1/05-6/30/06	\$ 6,624	\$ (525)	\$ -	\$ 525	\$ 6,444	\$ -	\$ (369)	\$ -	\$ -
Special Milk Program	10.556	N/A	7/1/06-6/30/07	6,444	-	-	6,075	6,444	-	-	-	-
Total U.S. Department of Agriculture					(525)	-	6,600	6,444	-	(369)	-	-
U.S. Department of Education Passed-through State Department of Education												
Title II A	84.281A	NCLB153007	9/1/06-8/31/07	29,782			29,782	29,782				
Title II A	84.281A	NCLB153006	9/1/05-8/31/06	29,984	(23,134)	(6,850)	29,984	2,050		\$ 4,800		
Title II A Carryover	84.281A	NCLB153006	9/1/06-8/31/07	29,984		6,850		2,775				
Title II A Carryover	84.281A	NCLB153005	9/1/05-8/31/06	30,247	2,775							
Title III, Carryover	84.365	NCLB153003	9/1/03-8/31/04	1,353	285							\$ 285
Title IV	84.186A	NCLB153007	9/1/06-8/31/07	2,204		(495)	2,204	1,700			504	
Title IV, Carryover	84.186A	NCLB153006	9/1/05-8/31/06	2,609	(2,114)	495	2,609	393			102	
Title V	84.298	NCLB153006	9/1/06-8/31/07	1,600		495	3,200	1,445			155	1,600
Title V	84.298	NCLB153006	9/1/05-8/31/06	2,590	(2,103)	(487)	2,590					
Title V, Carryover	84.298	NCLB153006	9/1/06-8/31/07	2,590		487		386			101	
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-1530-07	9/1/06-8/31/07	204,772			204,772	204,772				
I.D.E.I.A. Part B, Basic Regular	84.027A	FT-1530-06	9/1/05-8/31/06	185,773	12,222	(12,222)						
I.D.E.I.A. Part B, Basic Regular, Carryover	84.027A	FT-1530-06	9/1/06-8/31/07	185,773		12,222						
I.D.E.A. Part B, Basic Regular, Carryover	84.027A	FT-1530-05	9/1/05-8/31/06	183,488	14,337							
I.D.E.I.A. Preschool	84.027A	PS-1530-07	9/1/06-8/31/07	9,058			9,058					
I.D.E.A. Preschool, Carryover	84.027A	PS-1530-04	9/1/04-8/31/05	8,108	427							427
Total U.S. Department of Education					2,796	-	284,199	278,920	-	-	5,662	2,413
Total					\$ 2,271	\$ -	\$ 290,799	\$ 285,364	\$ -	\$ (369)	\$ 5,662	\$ 2,413

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

FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2006	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	MEMO		Combined Total Expenditures
										(Accounts Receivable)	Due to Grantor	
State Department of Education												
General Fund:												
Special Education Aid	07-495-034-5120-011	7/1/06-6/30/07	\$ 627,845	\$ (28,912)		\$ 603,436	\$ 627,845		\$ (24,409)		\$	\$ 627,845
Special Education Aid	06-495-034-5120-011	7/1/05-6/30/06	627,845			28,912						
Transportation Aid	07-495-034-5120-014	7/1/06-6/30/07	62,536	(2,880)		60,105	62,536		(2,431)			62,536
Transportation Aid	06-495-034-5120-014	7/1/05-6/30/06	62,536			2,880						
Bilingual Education Aid	07-495-034-5120-008	7/1/06-6/30/07	3,428	(158)		3,295	3,428		(133)			3,428
Bilingual Education Aid	06-495-034-5120-008	7/1/05-6/30/06	3,428			158						
Consolidated Aid	07-495-034-5120-057	7/1/06-6/30/07	47,307	(2,180)		45,468	47,307		(1,839)			47,307
Consolidated Aid	06-495-034-5120-057	7/1/05-6/30/06	47,307			2,180						
Additional Formula Aid	07-495-034-5120-058	7/1/06-6/30/07	22,233	(1,022)		21,368	22,233		(865)			22,233
Additional Formula Aid	06-495-034-5120-058	7/1/05-6/30/06	22,233			1,022						
Above Average Enrollment Growth	07-495-034-5120-063	7/1/06-6/30/07	82,805			82,805	82,805		(9,420)		\$ (9,420)	82,805
Additional Non Public Transportation Aid	N/A	7/1/06-6/30/07	9,420				9,420					9,420
Additional Non Public Transportation Aid	N/A	7/1/05-6/30/06	3,630									
Extraordinary Special Education Costs Aid	07-495-034-5120-473	7/1/06-6/30/07	101,044	(84,779)		84,779	101,044		(101,044)			101,044
Extraordinary Special Education Costs Aid	06-495-034-5120-473	7/1/05-6/30/06	84,779									
TPAF Social Security Contributions	07-495-034-5095-002	7/1/06-6/30/07	493,614	(24,119)		469,048	493,614		(24,566)		(24,566)	493,614
TPAF Social Security Contributions	06-495-034-5095-002	7/1/05-6/30/06	493,614			24,119						
TPAF Social Security Contributions	07-100-034-5095-002	7/1/06-6/30/07	427,578	(2,168)		428,422	427,578	(2,168)				428,422
TPAF Social Security Contributions	06-100-034-5095-002	7/1/05-6/30/06	427,578									
TPAF Pension Contribution-Normal Cost	07-100-034-5095-006	7/1/06-6/30/07	515,414			515,414	515,414					515,414
TPAF Pension-Post Retirement Medical	07-100-034-5095-001	7/1/06-6/30/07	1,625			1,625	1,625					1,625
Academic Achiev. Award Program	N/A	7/1/06-6/30/07										
Total General Fund				(149,848)		2,438,666	2,455,693	(2,168)		(164,707)	(33,986)	2,455,693
Special Revenue Fund:												
New Jersey Nonpublic Aid												
Auxiliary Services	07-100-034-5120-067	7/1/06-6/30/07	16,722	10,362		16,722	10,179		\$ 10,362		\$ 6,543	10,179
Compensatory Education	06-100-034-5120-067	7/1/05-6/30/06	17,383									
Compensatory Education	07-100-034-5120-067	7/1/06-6/30/07	1,218			1,218	406				812	406
Handicapped Services												
Connective Speech	07-100-034-5120-066	7/1/06-6/30/07	14,880			14,880	5,487				9,393	5,487
Connective Speech	06-100-034-5120-066	7/1/05-6/30/06	18,600						14,880			
Examination and Classification	07-100-034-5120-066	7/1/06-6/30/07	22,346	6,590		22,345	10,611				11,734	10,611
Examination and Classification	06-100-034-5120-066	7/1/05-6/30/06	22,346						6,590			
Supplemental Instruction	07-100-034-5120-066	7/1/06-6/30/07	9,086	7,187		9,086	7,517				1,569	7,517
Supplemental Instruction	06-100-034-5120-066	7/1/05-6/30/06	16,190						7,187			
Home Instruction	07-100-034-5120-066	7/1/06-6/30/07	37				37				(37)	37
Home Instruction	06-100-034-5120-066	7/1/05-6/30/06	538	(538)		531					(7)	
Nursing	07-100-034-5120-070	7/1/06-6/30/07	18,711			18,711	18,711					18,711
Nursing	06-100-034-5120-070	7/1/05-6/30/06	14,064			14,064	14,064					14,064
Textbooks	06-100-034-5120-064	7/1/05-6/30/06	17,382	1,024		10,080	10,080		1,024			10,080
Technology Initiative Aid	07-100-034-5120-373	7/1/06-6/30/07	11,080	784			2,442					2,442
Technology Initiative Aid	06-100-034-5120-373	7/1/05-6/30/06	4,000	3,665	(3,665)							
Character Education Aid	06-100-034-5120-418	7/1/05-6/30/06	4,000	3,665								
Character Education Aid	07-100-034-5120-418	7/1/06-6/30/07	4,000				247					247
Character Education Aid-Carryover	05-100-034-5120-418	7/1/04-6/30/05	4,000									
Total Special Revenue Fund				44,201		107,637	79,781		40,827	(44)	1,233	30,051
Economic Development Authority												
Capital Projects Fund:												
Educational Facilities Construction and Financing Act of 2000	SP20276-77-78	N/A	2,913,301	(568,094)		568,094						
Brianwood M.P. Room	SP1530-015-04-AFTS	N/A	61,741	(57,343)							(61,741)	
Total Economic Development Authority				(625,437)		568,094					(61,741)	
Total			\$ (731,084)	\$	\$ 3,114,397	\$ 2,535,474	\$ (2,168)	\$ 40,827	\$ (226,492)	\$ 5,631	\$ 30,051	\$ 2,535,474

**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, 2007**

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 \$10,790 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,444,903	\$ 2,444,903
Special Revenue Fund	\$ 278,920	79,781	358,701
Food Service Fund	6,444	-	6,444
	<u> </u>	<u> </u>	<u> </u>
Total Financial Assistance	<u>\$ 285,364</u>	<u>\$ 2,524,684</u>	<u>\$ 2,810,048</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, 2007**

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 of \$493,614 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, 2007. The amount reported as TPAF Pension contributions of \$1,003,836 represent the amount paid by the State on behalf of the District for the year ended June 30, 2007.

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Part I -- Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued on financial statements	<u>Unqualified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified	<u> X </u> yes <u> </u> no
2) Significant deficiency identified that are not considered to be material weakness(es)?	<u> </u> yes <u> X </u> none reported
Noncompliance material to the basic financial statements noted?	<u> X </u> yes <u> </u> 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, 2007**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

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

(2) Significant deficiency 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)	Name of State Program
07-495-034-5120-011	Special Education Aid
07-495-034-5120-008	Bilingual Aid
07-495-034-5120-057	Consolidated Aid
07-495-034-5120-058	Additional Formula Aid
07-495-034-5120-063	Above Average Enrollment Growth
07-495-034-5095-051	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, 2007**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, 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*.

Finding 2007-1

Supporting documentation was not available for certain payments made to nonpublic schools for program allotments.

Criteria or specific requirements

N.J.S.A. 18A:19-2, "Requirements for Payments of Claims".

Condition

Certain payments made to nonpublic schools for their share of program allotments were not supported by vendor invoices or other documentation to support program expenditures.

Questioned Costs

Undeterminable.

Context

Payments tested totaling \$19,468 were not properly supported in the Special Revenue Fund.

Effect

Unsupported payments may not be valid program charges.

Recommendation

Internal control procedures be reviewed and revised to ensure all program allotments to nonpublic schools contain proper supporting documentation.

Response

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

FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

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

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

CURRENT YEAR STATE AWARDS

Finding 2007-2

Certain budgetary line accounts were overexpended at June 30, 2007 due to an unrecorded accounts payable and debit credit memorandum.

State program information:

Special Education Aid	07-495-034-5120-011
Bilingual Aid	07-495-034-5120-008
Consolidated Aid	07-495-034-5120-057
Additional Formula Aid	07-495-034-5120-058
Above Average Enrollment Growth	07-495-034-5120-063

Criteria or specific requirement:

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

Condition:

An accounts payable totaling \$19,953 and a debit credit memorandum totaling \$1,298 were not recorded at year end when financial statements were adjusted for these items; the budgetary line accounts charged were overexpended.

Questioned Costs:

Undeterminable.

Context:

Two (2) budgetary line accounts were overexpended \$21,251 in total at June 30, 2007.

Effect:

Unrecorded transactions when adjusted to financial statements resulted in budgetary line item overexpenditures.

Recommendation:

All outstanding accounts payable and debit credit memorandums be recorded at year end.

Response

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

**FLORHAM PARK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 2006-1

Condition

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

Current Status

See Finding 2007-1 which identify conditions which resulted in budgetary line accounts overexpended at June 30, 2007.

FINDING 2006-2

Condition

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.

Current Status

Corrective action was taken.

**WAYNE BOARD OF EDUCATION
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2007**

**WAYNE BOARD OF EDUCATION
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17-17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201)791-3035
WEBSITE -www. lvhcpa.com

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA

Honorable President and Members
of the Board of Trustees
Wayne Board of Education
County of Passaic, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Wayne Board of Education in the County of Passaic for the fiscal year ended June 30, 2007, and have issued our report thereon dated September 12, 2007.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information and use of the Board of Trustees, management and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

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

Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
September 12, 2007

**WAYNE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

GENERAL COMMENTS

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule contained in the District's Comprehensive Annual Financial Report ("CAFR").

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Gary L. Ottmann	Business Administrator/ Board Secretary	\$100,000
Robert D. Miller	Treasurer of School Monies	460,000

There is a Public Employee Dishonesty with Faithful Performance Coverage with New Jersey School Boards Association Insurance Group covering all other employees with coverage of \$500,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made. The Board made a proper adjustment to the billings to sending districts for the decrease in per pupil costs in accordance with N.J.A.C. 6A:23-3.1(f)3.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not reveal any discrepancies with respect to each of signature, certification and proper itemization.

Finding – Athletic fund expenditures charged to the District's operating account are considered "special events" by the District and do not comply with the Local Public Contracts Law with regards to approval signatures, receipt of goods signatures, and payment approval signatures. Furthermore, a purchase order is not generated for these expenditures.

Recommendation – Management reviews its current policy regarding athletic expenditures and modify the policy to comply with the local public contracts law and other district policies pertaining to expenditures of the operating fund.

**WAYNE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Financial Planning, Accounting and Reporting (Continued)

Examination of Claims (Continued)

Finding – A receipt of goods signature is not obtained on “blanket” purchase orders until the final payment is made on the order.

Recommendation – Receipt of goods signatures be obtained on all partial payments of “blanket” purchase orders prior to payment being made to the respective vendors.

Payroll Account

The net salaries of all employees of the Board were deposited in the payroll account. Employees' payroll deductions and employer's share of payroll taxes were deposited in the payroll agency account.

All payrolls tested were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

Salary withholdings were promptly remitted to the proper agencies.

Finding – The payroll agency ledger is not in agreement with the payroll agency bank reconciliation. The agency ledger reports the current year activity for each payroll deduction but does not include the balance from the prior year ledger.

Recommendation – Beginning balances be recorded in the payroll deduction ledger and furthermore, the ledger be reconciled with the monthly payroll agency bank reconciliation.

Finding – The approval signatures of a transportation supervisor is not obtained on time reports submitted by bus drivers to the payroll department for both regular pay and overtime.

Recommendation – An approval signature of a transportation supervisor be obtained on time reports submitted by bus drivers prior to the payment of wages by the payroll department.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6:20-2A.2(m) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selecting specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-2.4. As a result of the procedures performed, no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

**WAYNE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Financial Planning, Accounting and Reporting (Continued)

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in good condition.

Acknowledgment of the Board's receipt of the Board Secretary and Treasurer's monthly financial reports was included in the minutes.

The Board Secretary did file financial reports with the Board which contained schedules similar to those reported in the State prescribed report.

Finding – Monthly transfers of funds were made in the District's financial reports prior to the approval of the transfers by the Board of Education. The Board did not designate by resolution, that the Chief School Administrator could approve such transfers between meetings of the Board.

Recommendation – Transfer of budgetary accounts be made in accordance with both board policy and state statute.

Finding – A line item was overexpended as of June 30, 2007. This overexpenditure was created by a reclassification of expenditures from Fund 13 to Fund 11. No recommendation is warranted.

Finding – The accounts receivable software utilized by the extended day program includes balances on its "receivables summary" report which are not due to the district based upon billing adjustments made by the district. Furthermore, invoices generated from the software program are not prenumbered.

Recommendation – The district consider upgrading its accounting software package for the extended day program.

Treasurer's Records

The Treasurer did perform cash reconciliations for the general operating account, net payroll account and payroll agency account (N.J.S.A. 18A:17-36).

All cash receipts were promptly deposited.

The Treasurer's records were in agreement with the records of the Board Secretary at June 30, 2007.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Expendable Trust Fund.

**WAYNE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Financial Planning, Accounting and Reporting (Continued)

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (IASA) as Reauthorized by the No Child Left Behind (NCLB) Act of 2001

The E.S.E.A./N.C.L.B. financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I, II, III, IV and V of the Elementary and Secondary Education Act as amended.

Our examination of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the CAFR.

Our examination of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

Finding – Salaries and wages of district personnel charged to the IDEA grant were not approved by board resolution.

Recommendation – Salaries and wages charged to Federally funded programs be approved by the Board and included in the official minutes of the board.

Finding – Time and activity records for program funded employees were not prepared.

Recommendation – Time and activity records be prepared for all program funded employees.

T.P.A.F. Reimbursements

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund (TPAF). No exceptions were noted.

DEPA Accounting

The school district's accounting records for Demonstrably Effective Program Aid (DEPA) were maintained in accordance with N.J.A.C. 6A:23-5.5(c), which states that the district board of education must maintain separate school accounts in the Special Revenue Fund section of the budget.

**WAYNE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2005 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-3 (as amended) and 18A:39-3 are \$21,000 and \$15,000, respectively.

If the District's purchasing agent is qualified pursuant to subsection b. of Section 9 of P.L. 1971, c.198 (C40A:11-9), the Board of Education may establish the bid threshold up to \$29,000. The District's Business Administrator is qualified and the District, by Board resolution, has increased the bid threshold to \$29,000.

The Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18:A18-4, as amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that purchases were made through the use of State contracts.

Finding – The accounts payable department is responsible for both the purchasing and accounts payable functions within the district.

Recommendation – Consideration be given to segregate the purchasing and accounts payable functions.

School Food Service

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was verified against sales and meal count records without exception. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price meal applications were completed and available for review.

**WAYNE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

School Food Service (Continued)

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were correctly maintained and properly applied in determining the cost of food supplies used.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures.

U.S.D.A. commodities were received.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

The District had contracted with Sodexo, LLC to operate and manage its food service program for 2006/07.

Finding – Food service revenue accounting records maintained by the district’s business office were not in agreement with the food service management company’s operating statement.

Recommendation – The food service management company’s operating statement be reconciled with the district’s internal accounting records on a monthly basis.

Finding – The District’s food service management company does not utilize the “edit check worksheet” for the completion of the lunch reimbursement voucher. A report of eligible students from the school nurse is utilized.

Recommendation – Edit check worksheets be utilized for the completion of the lunch reimbursement vouchers. Furthermore, the district report claims only for meals actually served.

A Coordinated Review Effort (CRE) administrative review and School Meal Initiative (SMI) nutrition review was conducted during the District’s 2005/06 school year. The results of this review are on file with the School District’s Business Administrator. The District has submitted a corrective action plan to the State of New Jersey Department of Agriculture. This plan was approved by the Department of Agriculture.

Student Body Activities

The Board has policies which clearly establish the regulation of student activity funds.

Cash receipts and disbursement records for the various schools were maintained in good condition.

The following additional matters were noted during the audit of the student body activities:

- Pre-numbered receipts were not utilized by Randall Carter, A.P. Terhune, Theunis Day, James Fallon, Lafayette, Packanack, Pines Lake, Schyler Colfax, Anthony Wayne and Wayne Valley Schools.
- Composition of deposits (i.e., amount of cash or check) were not always detailed on receipt forms for A.P. Terhune, Ryerson, James Fallon and Packanack Schools.

**WAYNE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Student Body Activities (Continued)

- Approval signatures were not always obtained on check requisition forms from Anthony Wayne.
- Supporting documentation for payments made from the A.P. Terhune were not always available for audit.
- Deposit slips were not available for audit from the Lafayette School.

It is recommended that:

- Prenumbered receipt forms be utilized by all schools and that the receipt form include the breakdown of cash and checks received.
- Approval signatures be obtained on all check requisition forms from Anthony Wayne.
- Documentation supporting all payments from A.P. Terhune be made available for audit.
- Deposit slips for Lafayette be made available for audit.

Application for State School Aid

Our audit procedures included a test of information reported in the October 13, 2006 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the disabled, low-income and bilingual education. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The district maintained workpapers on the prescribed State forms or their equivalent.

The district's written procedures appear to be adequate for the recording of student enrollment.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2006-07 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures were to review the transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

**WAYNE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Facilities and Capital Assets

Our procedures included a review of the EDA grant agreements for consistency with recording EDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account, and awarding of contracts for eligible facilities construction. No exceptions were noted.

Finding – The District currently maintains a capital asset ledger independent of its budgetary accounting system. The ledger is updated on an annual basis.

Recommendation – The capital asset accounting system be integrated with purchasing and budgetary accounting system and be maintained on a current basis.

**WAYNE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
SCHEDULE OF MEAL COUNT ACTIVITY**

Schedule Not Required – School Lunch Programs are not major programs for 2006/07

WAYNE BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 13, 2006

Low Income		Reported on Original A.S.S.A as Low Income		Workpapers as Low Income		Errors	
Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced
11	4	11	4	8	1	-	-
13	11	13	11	6	7	-	-
20	9	20	9	10	5	-	-
24	6	24	6	4	12	-	-
16	6	16	6	8	3	-	-
18	10	18	10	9	5	-	-
24	6	24	6	13	3	-	-
16	12	16	12	11	5	-	-
31	11	31	11	20	3	-	-
12	15	12	15	6	4	-	-
9	4	9	4	2	5	-	-
11	4	11	4	3	9	-	-
6	7	6	7	3	8	-	-

Bilingual Education		Reported on A.S.S.A as Bilingual Education		Workpapers as Bilingual Education		Errors	
Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced
104	104	104	104	-	-	-	-

Sample for Verification		Sample Selected from Workpapers		Verified to Application and Register		Sample Errors	
Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced
8	1	8	1	8	1	-	-
6	7	6	7	6	7	-	-
10	5	10	5	10	5	-	-
12	4	12	4	12	4	-	-
8	3	8	3	8	3	-	-
9	5	9	5	9	5	-	-
13	3	13	3	13	3	-	-
11	5	11	5	11	5	-	-
20	3	20	3	20	3	-	-
6	4	6	4	6	4	-	-
9	2	9	2	9	2	-	-
3	3	3	3	3	3	-	-
8	3	8	3	8	3	-	-

Bilingual Students		Percentage Error	
Free	Reduced	Free	Reduced
104	104	0.00%	0.00%

	Low Income		Reported on Original A.S.S.A as Low Income		Workpapers as Low Income		Errors		Sample for Verification		Sample Selected from Workpapers		Verified to Application and Register		Sample Errors	
	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced
Half Day Preschool	11	4	11	4	8	1	-	-	8	1	8	1	-	-	-	-
Full Day Preschool	13	11	13	11	6	7	-	-	6	7	6	7	-	-	-	-
Half Day Kindergarten	20	9	20	9	10	5	-	-	10	5	10	5	-	-	-	-
Full Day Kindergarten	24	6	24	6	4	12	-	-	4	12	4	12	-	-	-	-
One	16	6	16	6	8	3	-	-	8	3	8	3	-	-	-	-
Two	18	10	18	10	9	5	-	-	9	5	9	5	-	-	-	-
Three	24	6	24	6	10	3	-	-	10	3	10	3	-	-	-	-
Four	18	10	18	10	9	5	-	-	9	5	9	5	-	-	-	-
Five	24	6	24	6	13	3	-	-	13	3	13	3	-	-	-	-
Six	16	12	16	12	11	5	-	-	11	5	11	5	-	-	-	-
Seven	31	11	31	11	20	3	-	-	20	3	20	3	-	-	-	-
Eight	12	15	12	15	6	4	-	-	6	4	6	4	-	-	-	-
Nine	9	4	9	4	2	5	-	-	2	5	2	5	-	-	-	-
Ten	11	4	11	4	3	9	-	-	3	9	3	9	-	-	-	-
Eleven	6	7	6	7	3	8	-	-	3	8	3	8	-	-	-	-
Twelve																
Post-Graduate																
Adult H.S. (15+CB)																
Adult H.S. (1-14GR)																
Subtotal	211.0	105.0	211.0	105.0	125.0	48.0	-	-	125.0	48.0	125.0	48.0	-	-	-	-

	Low Income		Reported on Original A.S.S.A as Low Income		Workpapers as Low Income		Errors		Sample for Verification		Sample Selected from Workpapers		Verified to Application and Register		Sample Errors	
	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced
Tier I - Elementary	10	6	10	6	4	3	-	-	4	3	4	3	-	-	-	-
Tier II - Middle School	9	2	9	2	2	1	-	-	2	1	2	1	-	-	-	-
Tier III - High School	6	8	6	8	7	2	-	-	7	2	7	2	-	-	-	-
Tier I - Elementary	4	4	4	4	-	-	-	-	-	-	-	-	-	-	-	-
Tier II - Middle School	6	2	6	2	1	1	-	-	1	1	1	1	-	-	-	-
Tier III - High School	9	2	9	2	-	-	-	-	-	-	-	-	-	-	-	-
Tier IV - Elementary	2	2	2	2	2	2	-	-	2	2	2	2	-	-	-	-
Tier V - Middle School	2	2	2	2	-	-	-	-	-	-	-	-	-	-	-	-
Tier VI - High School	1	1	1	1	2	2	-	-	2	2	2	2	-	-	-	-
Subtotal	53.0	37.0	53.0	37.0	17.00	6.00	-	-	17.00	6.00	17.00	6.00	-	-	-	-

	Low Income		Reported on Original A.S.S.A as Low Income		Workpapers as Low Income		Errors		Sample for Verification		Sample Selected from Workpapers		Verified to Application and Register		Sample Errors	
	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced
Co-Voc - Regular	264.0	142.0	264.0	142.0	142.0	54.0	-	-	142.0	54.0	142.0	54.0	-	-	-	-
Co-Voc. Ft. Post. Sec.																
Totals	264.0	142.0	264.0	142.0	142.0	54.0	-	-	142.0	54.0	142.0	54.0	-	-	-	-

	Low Income		Reported on Original A.S.S.A as Low Income		Workpapers as Low Income		Errors		Sample for Verification		Sample Selected from Workpapers		Verified to Application and Register		Sample Errors	
	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced
Percentage Error	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	0.00%	0.00%	0.00%	0.00%	-	-	-	-

	Low Income		Reported on Original A.S.S.A as Low Income		Workpapers as Low Income		Errors		Sample for Verification		Sample Selected from Workpapers		Verified to Application and Register		Sample Errors	
	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced	Free	Reduced
Regular - Public Schools	2,399	2,399	-	-	-	-	59	59	-	-	-	-	-	-	-	-
Regular - Sped.	218.5	218.5	-	-	3	3	-	-	-	-	-	-	-	-	-	-
Transported - Non-Public	151	151	-	-	4	4	-	-	-	-	-	-	-	-	-	-
Special Needs - Public	133.5	133.5	-	-	5	5	-	-	-	-	-	-	-	-	-	-
Totals	2,902	2,902	-	-	71	71	-	-	-	-	-	-	-	-	-	-
Percentage Error	0.00%	0.00%	-	-	0.00%	0.00%	-	-	0.00%	0.00%	0.00%	0.00%	-	-	-	-

**WAYNE BOARD OF EDUCATION
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

SECTION 1A-Two Percent (2%) - Calculation of Excess surplus

2006-07 Total General Fund Expenditures per the C-1	\$125,107,553	
Increased by:		
Transfer to Food Service Fund	54,800	
Transfer from Capital Outlay to Capital Projects Fund	1,815,617	
Decreased by:		
On-Behalf TPAF Pension & Social Security	(12,635,382)	
Capital Assets Acquired Under Leases	<u>(23,145)</u>	
Adjusted 06-07 General Fund Expenditures		<u>\$114,319,443</u>
2% of Adjusted 2006-07 General Fund Expenditures		
Enter Greater of 2% of Adjusted 2006-07 General Fund Expenditures or \$250,000	\$2,286,389	
Allowable Adjustments	<u>302,179</u>	
Maximum Unreserved/Undesignated Fund Balance		<u>\$2,588,568</u>

SECTION 2

Total General Fund – Fund Balance at June 30, 2007 (Per CAFR Budgetary Comparison schedule/statement)	\$13,259,332	
Decreased by:		
Reserved for Encumbrances	(1,169,319)	
Capital Reserve	(1,063,374)	
Excess Surplus – Designated for Subsequent Year’s Expenditures	(3,631,802)	
Unreserved – Designated for Subsequent Year’s Expenditures	<u>(2,435,000)</u>	
Total Unreserved/Undesignated Fund Balance		<u>\$4,959,837</u>

SECTION 3

Reserved Fund Balance – Excess Surplus		<u>\$2,371,269</u>
<u>Detail of Allowable Adjustments</u>		
Extraordinary Aid	\$234,495	
Additional Nonpublic Transportation Aid	<u>67,684</u>	
Total		<u>\$302,179</u>

**WAYNE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

RECOMMENDATIONS

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Management reviews its current policy regarding athletic expenditures and modify the policy to comply with the local public contracts law and other district policies pertaining to expenditures of the operating fund.
2. Beginning balances be recorded in the payroll deduction ledger annually and the ledger be reconciled with the monthly payroll agency bank reconciliation.
3. An approval signature of a transportation supervisor be obtained on time reports submitted by bus drivers prior to the payment of wages by the payroll department.
4. Transfer of budgetary accounts be made in accordance with both board policy and state statute.
5. Salaries and wages charged to Federally funded programs be approved by the Board and included in the official minutes of the Board.
6. Time and activity records be prepared for all program funded employees.
7. The district consider upgrading its accounting software package for the extended day program.

III. School Purchasing Program

It is recommended that:

1. Receipt of goods signatures be obtained on all partial payments of "blanket" purchase orders prior to payment being made to the respective vendors.
2. Consideration be given to segregate the purchasing and accounts payable functions.

IV. Food Service Fund

It is recommended that:

1. The food service management company's operating statement be reconciled with the district's internal accounting records on a monthly basis.
2. Edit check worksheets be utilized for the completion of the lunch reimbursement vouchers. Furthermore, the district report claims only for meals actually served.

**WAYNE BOARD OF EDUCATION
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

RECOMMENDATIONS

V. Student Body Activities

It is recommended that:

1. Prenumbered receipt forms be utilized by all schools and that the receipt form includes the breakdown of cash and checks received.
2. Approval signatures be obtained on all check requisition forms from Anthony Wayne.
3. Documentation supporting all payments from A.P. Terhune be made available for audit.
4. Deposit slips for Lafayette be made available for audit.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

It is recommended that the capital asset accounting system be integrated with the purchasing and budgetary accounting system and be maintained on a current basis.

IX. Miscellaneous

There are none.

X. Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all.

ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP

Gary J. Vinci
Public School Accountant
Certified Public Accountant