

**FLORHAM PARK BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**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, 2009**

**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

973-822-0867 Superintendent FAX

973-822-0716 Business Office FAX

WILLIAM RONZITTI, Ph.D.  
Superintendent of Schools

JOHN CSATLOS, C.P.A.  
School Business Administrator/  
Board Secretary

September 18, 2009

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, 2009 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 Auditors' 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 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 disabled youngsters. The District completed FY 2008/2009 with an enrollment of 1,028. The following Average Daily Enrollment figures, reported in the School Summary Register, 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>
2008/09	1,028	0.00%
2007/08	1,029	3.11%
2006/07	998	0.71%
2005/06	991	2.69%
2004/05	965	3.65%
2003/04	931	0.32%
2002/03	928	10.74%
2001/02	838	7.57%
2000/01	779	4.01%
1999/00	749	0.30%

## 2. ECONOMIC CONDITION AND OUTLOOK

Florham Park remains financially healthy. The District is currently carrying a 2.0% 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. The District has also established a 1.1% Emergency Reserve for future increases in health care premiums and other permitted emergencies.

## 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 approved a new district wide math curriculum revision and textbook replacement for the subsequent year.

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 School Assurance Continuum addresses this area.

In addition to technology, in-service training has focused on reading, language and mathematics instruction to address the NJASK 3-8 requirements. District in-service has focused on a diversified curriculum meeting the needs of each child as well establishing a Professional Learning Community throughout the district.

#### 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 2008/2009 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, 2009.

#### 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, 2009 the District had \$10,915,000 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 accountants. 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, as amended and the related OMB Circular A-133 and State Treasury Circular Letter 04-04.

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

## 11. ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the 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,

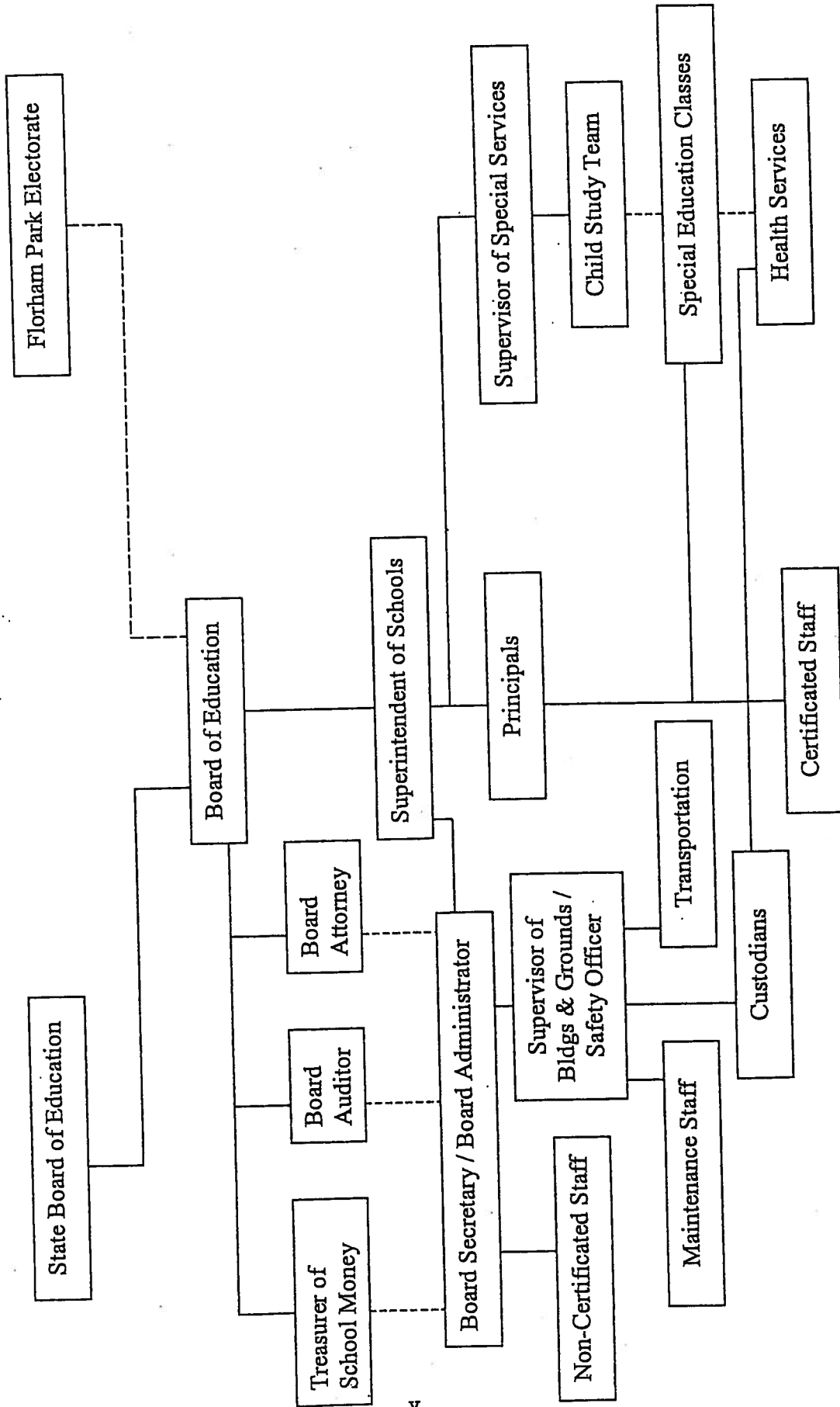


William Ronzitti, Ph.D.  
Superintendent of Schools



John R. Csatos  
Business Administrator/Board Secretary

# FLORHAM PARK SCHOOL DISTRICT ORGANIZATIONAL CHART



FLORHAM PARK BOARD OF EDUCATION  
FLORHAM PARK, NEW JERSEY

ROSTER OF OFFICIALS  
JUNE 30, 2009

<u>Members of the Board of Education</u>	<u>Term Expires</u>
John McFarlane, President	2011
Patrick Montuore, Vice President	2011
John Gaffney	2012
Linda Michalowski	2012
Dr. John Carollo	2010
Kevin DeCoursey	2010
Marianne Haynes	2010

Other Officials

Dr. William Ronzitti, Superintendent  
John R. Csatlos, Business Administrator/Board Secretary  
Ulrich Steinberg, Treasurer



**FLORHAM PARK BOARD OF EDUCATION**

**FLORHAM PARK, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

**ATTORNEY**

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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

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FAIR LAWN, NJ 07410  
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GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH KOZAK, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Florham Park Board of Education as of and for the fiscal year ended June 30, 2009, 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, 2009, 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 18, 2009 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 E. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
September 18, 2009

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





# FLORHAM PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2009

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, 2009. 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 (2008-2009) and the prior year (2007-2008) is required to be presented in the MD&A

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2008-2009 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 \$6,908,611. (Net Assets)
- The District's total net assets increased by \$147,109.
- Overall District revenues were \$17,346,672. General revenues accounted for \$15,050,411 or 87% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,295,961 or 13% of total revenues.
- The school district had \$17,182,851 in expenses for governmental activities; only \$2,278,562 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$15,050,411 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 \$754,262. Of this amount, \$40,798 (5%) is available for spending at the District's discretion (unreserved/undesignated fund balance – General Fund).
- The General Fund fund balance at June 30, 2009 was \$658,961, an increase of \$35,744 compared to the ending fund balance at June 30, 2008 of \$623,217.
- The General Fund unreserved/undesignated budgetary fund balance at June 30, 2009 was \$327,771, which represents a decrease of \$37,743 compared to the ending unreserved/undesignated budgetary fund balance at June 30, 2008 of \$365,514.

# FLORHAM PARK BOARD OF EDUCATION

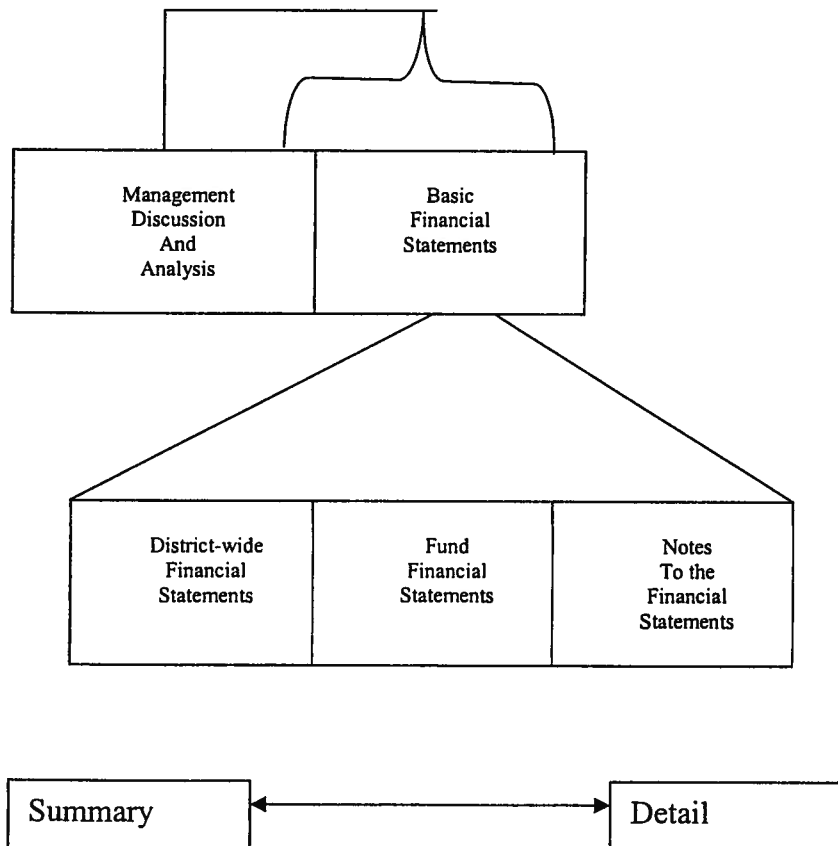
## Management's Discussion and Analysis Year Ended June 30, 2009

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' 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. The following 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, 2009

The table below 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.

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 thereafter; 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, 2009

- 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 two categories:

- *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.
- *Business type activities* – These are activities for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund is included under this category.

### 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 one enterprise fund, for its food service (cafeteria) program.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis  
Year Ended June 30, 2009

**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 \$6,908,611 and \$6,761,502 on June 30, 2009 and 2008, respectively as follows:

	Net Assets As of June 30, 2009 and 2008					
	Governmental Activities		Business- Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current Assets	\$ 942,586	\$ 666,284	\$ 3,999	\$ 2,099	\$ 946,585	\$ 668,383
Capital Assets	17,747,583	18,371,652	496	1,409	17,748,079	18,373,061
<b>Total Assets</b>	<b>18,690,169</b>	<b>19,037,936</b>	<b>4,495</b>	<b>3,508</b>	<b>18,694,664</b>	<b>19,041,444</b>
Long-Term Liabilities	11,377,083	12,016,950			11,377,083	12,016,950
Other Liabilities	408,970	262,992	-	-	408,970	262,992
<b>Total Liabilities</b>	<b>11,786,053</b>	<b>12,279,942</b>	<b>-</b>	<b>-</b>	<b>11,786,053</b>	<b>12,279,942</b>
<b>Net Assets</b>						
Invested in Capital Assets, net of related debt	6,701,460	6,688,333	496	1,409	6,701,956	6,689,742
Restricted	200,677	32,035			200,677	32,035
Unrestricted	1,979	37,626	3,999	2,099	5,978	39,725
<b>Total Net Assets</b>	<b>\$ 6,904,116</b>	<b>\$ 6,757,994</b>	<b>\$ 4,495</b>	<b>\$ 3,508</b>	<b>\$ 6,908,611</b>	<b>\$ 6,761,502</b>

The District's total net assets of \$6,908,611 at June 30, 2009 represent a \$147,109, or 2%, increase from the prior year. The following presents the changes in net assets for the years ended June 30, 2009 and 2008.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis  
Year Ended June 30, 2009

Change in Net Assets  
For The Years Ended June 30, 2009 and 2008

	Governmental		Business-		Total	
	Activities		Type			
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 111,531	\$ 118,587	\$ 9,143	\$ 7,681	\$ 120,674	\$ 126,268
Operating Grants and Contributions	2,166,551	2,704,811	8,256	6,252	2,174,807	2,711,063
Capital Grants and Contributions	480	6,500			480	6,500
General Revenues						
Property Taxes	14,877,413	14,488,221			14,877,413	14,488,221
State Aid - Unrestricted	27,447	177,788			27,447	177,788
Other	145,551	131,546	-	-	145,551	131,546
<b>Total Revenues</b>	<b>17,328,973</b>	<b>17,627,453</b>	<b>17,399</b>	<b>13,933</b>	<b>17,346,372</b>	<b>17,641,386</b>
<b>Expenses</b>						
Instruction						
Regular	6,577,544	6,705,625			6,577,544	6,705,625
Special Education	2,269,125	2,313,004			2,269,125	2,313,004
Other Instruction	67,043	80,730			67,043	80,730
School Sponsored Activities and Athletics	148,318	150,045			148,318	150,045
Support Services						
Student and Instruction Related Services	2,558,454	2,435,868			2,558,454	2,435,868
General Administrative Services	518,851	537,995			518,851	537,995
School Administrative Services	968,615	961,645			968,615	961,645
Central Services	345,639	347,440			345,639	347,440
Plant Operations and Maintenance	2,412,179	2,321,091			2,412,179	2,321,091
Pupil Transportation	803,849	922,126			803,849	922,126
Interest on Debt	513,234	524,666			513,234	524,666
Food Services	-	-	16,412	13,116	16,412	13,116
<b>Total Expenses</b>	<b>17,182,851</b>	<b>17,300,235</b>	<b>16,412</b>	<b>13,116</b>	<b>17,199,263</b>	<b>17,313,351</b>
<b>Increase Before Transfers</b>	<b>146,122</b>	<b>327,218</b>	<b>987</b>	<b>817</b>	<b>147,109</b>	<b>328,035</b>
<b>Transfers</b>	<b>-</b>	<b>(14,062)</b>	<b>-</b>	<b>14,062</b>	<b>-</b>	<b>-</b>
<b>Increase in Net Assets</b>	<b>146,122</b>	<b>313,156</b>	<b>987</b>	<b>14,879</b>	<b>147,109</b>	<b>328,035</b>
<b>Net Assets, Beginning of Year</b>	<b>6,757,994</b>	<b>6,444,838</b>	<b>3,508</b>	<b>(11,371)</b>	<b>6,761,502</b>	<b>6,433,467</b>
<b>Net Assets, End of Year</b>	<b>\$ 6,904,116</b>	<b>\$ 6,757,994</b>	<b>\$ 4,495</b>	<b>\$ 3,508</b>	<b>\$ 6,908,611</b>	<b>\$ 6,761,502</b>

# FLORHAM PARK BOARD OF EDUCATION

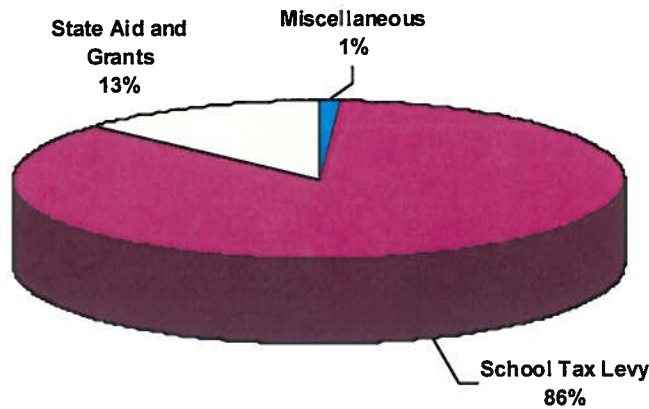
## Management's Discussion and Analysis Year Ended June 30, 2009

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$17,328,973 for the year ended June 30, 2009, property taxes of \$14,877,413 represented 86% of revenues. Another significant portion of revenues came from unrestricted State aid, grants and contributions which totaled \$2,194,478 and represented 13% of revenues. In addition, transportation fees and miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 1% of revenues.

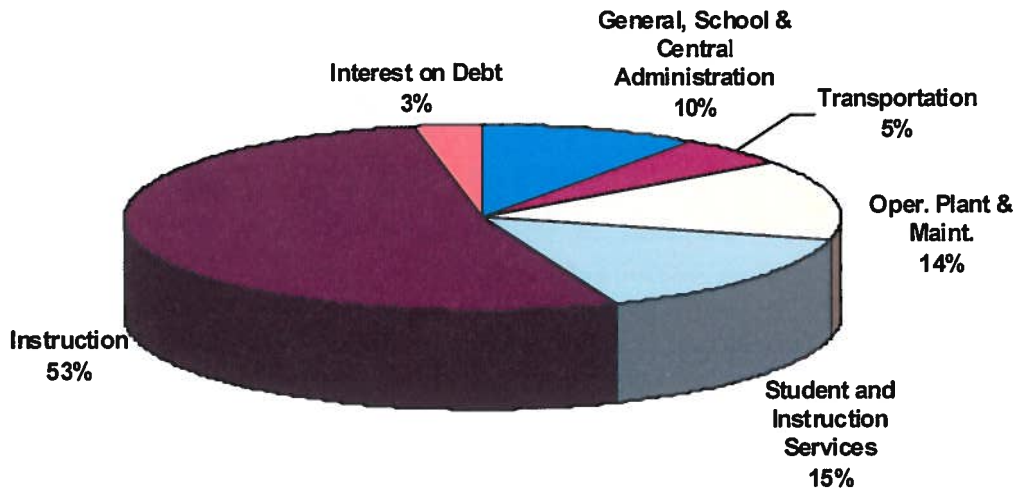
The total cost of all governmental activities programs and services was \$17,182,851. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$9,062,030 (53%) of total expenses. Student support services, total \$7,607,587 (44%) of total expenses and interest on debt totaled \$513,234 (3%) of total expenses.

Total governmental activities revenues exceeded expenses increasing net assets by \$146,122 from the previous year.

Revenues by Sources – Governmental Activities  
For Fiscal Year 2009



Expenses by Use – Governmental Activities  
For Fiscal Year 2009



FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis  
Year Ended June 30, 2009

**Net Cost of Governmental Activities.** The District's total cost of services was \$17,182,851. After applying program revenues, derived from operating and capital grants and contributions of \$2,167,031, and charges for services of \$111,531, the net cost of services of the District is \$14,904,289.

**Net Cost of Governmental Activities  
For the Years Ended June 30, 2009 and 2008**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Instruction				
Regular	\$ 6,577,544	\$ 6,705,625	\$ 5,897,183	\$ 5,696,822
Special Education	2,269,125	2,313,004	1,288,440	1,170,375
Other Instruction	67,043	80,730	42,851	39,165
School Sponsored Activities and Athletics	148,318	150,045	148,318	150,045
Support Services				
Student and Instruction Related Services	2,558,454	2,435,868	2,311,731	2,129,194
General Administrative Services	518,851	537,995	518,851	537,995
School Administrative Services	968,615	961,645	901,495	858,212
Central Services	345,639	347,440	328,924	322,417
Plant Operations and Maintenance	2,412,179	2,321,091	2,411,699	2,314,591
Pupil Transportation	803,849	922,126	541,563	726,855
Interest on Debt	513,234	524,666	513,234	524,666
<b>Total</b>	<b>\$ 17,182,851</b>	<b>\$ 17,300,235</b>	<b>\$ 14,904,289</b>	<b>\$ 14,470,337</b>

**Business-Type Activities** – The District's total business-type activities revenues were \$17,399 for the year ended June 30, 2009. Charges for services accounted for 53% of total revenues. Operating grants and contributions accounted for 47% of total revenue for the year.

Total cost of all business-type activities programs and services was \$16,142 for the year ended June 30, 2009.

There were no transfers from governmental activities during the year.

Total business-type activities revenues surpassed expenses, increasing net assets by \$987 from the previous year.



FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis  
Year Ended June 30, 2009

**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 \$754,262, an increase of \$124,124 from last year's fund balance of \$630,138. This increase was attributable to funds earmarked for capital projects which were unspent at year end.

Revenues for the District's governmental funds were \$17,328,973, while total expenses were \$17,204,849.

**GENERAL FUND**

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

The following schedule presents a summary of General Fund Revenues.

	Year Ended <u>June 30, 2009</u>	Year Ended <u>June 30, 2008</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Taxes	\$ 13,822,785	\$ 13,433,441	\$ 389,344	3%
Other	256,774	247,339	9,435	4%
State Sources	<u>1,817,475</u>	<u>2,526,194</u>	<u>(708,719)</u>	-28%
 Total General Fund Revenues	 <u>\$ 15,897,034</u>	 <u>\$ 16,206,974</u>	 <u>\$ (309,940)</u>	 -2%

Total General Fund revenues decreased \$309,940 from the previous year. Although property taxes increased \$389,344 or 3% there was a significant decrease in State aid related to on-behalf pension and post-retirement medical contributions. In addition, the State deferred an additional categorical state aid payment to the subsequent school year.

The following schedule presents a summary of General Fund expenditures.

	Year Ended <u>June 30, 2009</u>	Year Ended <u>June 30, 2008</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 8,767,155	\$ 8,914,854	\$ (147,699)	-2%
Support Services	6,763,728	6,692,707	71,021	1%
Debt Service	102,002	85,516	16,486	19%
Capital Outlay	<u>131,813</u>	<u>122,048</u>	<u>9,765</u>	8%
 Total Expenditures	 <u>\$ 15,764,698</u>	 <u>\$ 15,815,125</u>	 <u>\$ (50,427)</u>	 0%

Total General Fund expenditures decreased \$50,427 or less than 1% from the previous year. Although there were increases during the year attributed to contractual salary increases and increases in employee benefits they were offset by significant decreases in on-behalf pension and post-retirement medical contributions made by the State for the District.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis  
Year Ended June 30, 2009

**GENERAL FUND (Continued)**

In 2008-2009 General Fund revenues and other financing sources were greater than expenditures and other financing uses by \$35,744. Therefore, total fund balance increased to \$658,961 at June 30, 2009. After deducting statutory reserves and designations, the unreserved undesignated fund balance decreased from \$254,841 at June 30, 2008 to \$40,798 at June 30, 2009. This decrease in unreserved/undesignated fund balance can be attributable to the District increasing reserved fund balances for capital reserve, emergency reserve and excess surplus reserve at year end and the State's deferral on an additional state aid payment.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of fiscal year 2009, the District had \$17,747,583 invested in land, buildings, furniture, equipment and vehicles for governmental activities. The following is a comparison of the June 30, 2009 and 2008 balances:

Capital Assets		Governmental Activities	
as of June 30, 2009 and 2008		<u>2009</u>	<u>2008</u>
Land	\$	1,156,663	\$ 1,156,663
Land Improvements		1,369,190	1,369,190
Buildings and Building Improvements		22,160,935	22,119,835
Machinery and Equipment		2,162,214	2,071,501
Construction in Progress		<u>9,000</u>	<u>-</u>
		26,858,002	26,717,189
<b>Less Accumulated Depreciation</b>		<u>(9,110,419)</u>	<u>(8,345,537)</u>
<b>Total</b>		<u>\$ 17,747,583</u>	<u>\$ 18,371,652</u>

**LONG TERM LIABILITIES**

At June 30, 2009 the District had \$11,377,083 of total outstanding debt. Of this amount, \$10,915,000 is for serial bonds; \$131,123 is for capital lease purchase agreements and \$330,960 is for compensated absences. The following is a comparison of the June 30, 2009 and 2008 balances:

Outstanding Long-Term Debt		Governmental Activities	
as of June 30, 2009 and 2008		<u>2009</u>	<u>2008</u>
Serial Bonds	\$	10,915,000	\$ 11,460,000
Capital Leases Payable		131,123	223,319
Compensated Absences		<u>330,960</u>	<u>333,631</u>
<b>Total</b>		<u>\$ 11,377,083</u>	<u>\$ 12,016,950</u>

# FLORHAM PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Year Ended June 30, 2009

### **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 to prevent over expenditures in specific line item accounts. The District also appropriated additional unreserved/undesignated fund balance to the budget during the year for unbudgeted capital outlay projects. Other revisions to the budget during the year was the reappropriation of prior year encumbrances.

General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses increasing budgetary fund balance \$212,044 from the previous year. After deducting statutory reserves and designations, the unreserved/undesignated budgetary fund balance decreased \$37,743, from \$365,514 at June 30, 2008 to \$327,771 at June 30, 2009.

### **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 2009-2010 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 2009-2010. Budgeted expenditures in the General Fund increased less than three percent to \$15,522,780 in fiscal year 2009-2010. Increases in contractual payroll, employee benefits and energy costs 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, 2009**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 304,135	\$ 2,359	\$ 306,494
Receivables, net	363,075	1,640	364,715
Restricted Assets			
Cash and Cash Equivalents	275,376		275,376
Capital Assets, Not Being Depreciated	1,165,663		1,165,663
Capital Assets, Being Depreciation, Net	<u>16,581,920</u>	<u>496</u>	<u>16,582,416</u>
Total Assets	<u>18,690,169</u>	<u>4,495</u>	<u>18,694,664</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	83,485		83,485
Payable to Other Governments	26,047		26,047
Accrued Interest Payable	220,646		220,646
Unearned Revenue	78,792		78,792
Noncurrent Liabilities			
Due Within One Year	674,302		674,302
Due Beyond One Year	<u>10,702,781</u>	<u>-</u>	<u>10,702,781</u>
Total Liabilities	<u>11,786,053</u>	<u>-</u>	<u>11,786,053</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	6,701,460	496	6,701,956
Restricted for			
Debt Service	2		2
Capital Projects	200,675		200,675
Unrestricted	<u>1,979</u>	<u>3,999</u>	<u>5,978</u>
Total Net Assets	<u>\$ 6,904,116</u>	<u>\$ 4,495</u>	<u>\$ 6,908,611</u>

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

**FLORHAM PARK BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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	\$ 6,577,544		\$ 680,361		\$ (5,897,183)		\$ (5,897,183)
Special Education	2,269,125		980,685		(1,288,440)		(1,288,440)
Other Instruction	67,043		24,192		(42,851)		(42,851)
School Sponsored Activities and Athletics Support Services	148,318				(148,318)		(148,318)
Student and Instruction Related Services	2,558,454		246,723		(2,311,731)		(2,311,731)
General Administrative Services	518,851				(518,851)		(518,851)
School Administrative Services	968,615		67,120		(901,495)		(901,495)
Central Services	345,639		16,715		(328,924)		(328,924)
Plant Operations and Maintenance	2,412,179		\$ 480		(2,411,699)		(2,411,699)
Pupil Transportation	803,849	\$ 111,531	150,755		(541,563)		(541,563)
Interest on Debt	513,234	-	-		(513,234)	-	(513,234)
Total Governmental Activities	17,182,851	111,531	2,166,551	480	(14,904,289)	-	(14,904,289)
Business-Type Activities						\$ 987	987
Food Service	16,412	9,143	8,256	-	-	\$ 987	987
Total Business-Type Activities	16,412	9,143	8,256	-	-	987	987
Total Primary Government	\$ 17,199,263	\$ 120,674	\$ 2,174,807	\$ 480	(14,904,289)	987	(14,903,302)
General Revenues							
Taxes							
Property Tax, Levied for General Purposes					13,822,785		13,822,785
Property Tax, Levied for Debt Service					1,054,628		1,054,628
Investment Earnings					11,786		11,786
Miscellaneous Income					133,765		133,765
Unrestricted State Aid					27,447		27,447
Total General Revenues					15,050,411		15,050,411
Change in Net Assets					146,122	987	147,109
Net Assets, Beginning of Year					6,757,994	3,508	6,761,502
Net Assets, End of Year					\$ 6,904,116	\$ 4,495	\$ 6,908,611



**FUND FINANCIAL STATEMENTS**



**FLORHAM PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2009**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 211,074		\$ 93,059	\$ 2	\$ 304,135
Receivables from Other Governments	39,632	\$ 256,574	65,988		362,194
Due from Other Funds	199,522				199,522
Restricted Cash and Cash Equivalents	<u>275,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275,376</u>
<b>Total Assets</b>	<u>\$ 725,604</u>	<u>\$ 256,574</u>	<u>\$ 159,047</u>	<u>\$ 2</u>	<u>\$ 1,141,227</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 65,643	\$ 16,842			\$ 82,485
Due to Other Funds	1,000	198,641			199,641
Payable to State Government		23,634			23,634
Payable to Federal Government		2,413			2,413
Deferred Revenue	<u>-</u>	<u>15,044</u>	<u>\$ 63,748</u>	<u>-</u>	<u>78,792</u>
<b>Total Liabilities</b>	<u>66,643</u>	<u>256,574</u>	<u>63,748</u>	<u>-</u>	<u>386,965</u>
<b>Fund Balances</b>					
<b>Reserved for</b>					
Encumbrances	156,225		103,817		260,042
Capital Reserve Account	105,376				105,376
Emergency Reserve	170,000				170,000
Excess Surplus	61,562				61,562
<b>Unreserved</b>					
Designated for Subsequent Year's Expenditures	125,000			\$ 1	125,001
Undesignated, Reported in					
General Fund	40,798				40,798
Debt Service Fund				1	1
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>(8,518)</u>	<u>-</u>	<u>(8,518)</u>
<b>Total Fund Balances</b>	<u>658,961</u>	<u>-</u>	<u>95,299</u>	<u>2</u>	<u>754,262</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 725,604</u>	<u>\$ 256,574</u>	<u>\$ 159,047</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 \$26,858,002 and the accumulated depreciation is \$9,110,419. 17,747,583

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (220,646)

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	\$ 10,915,000	
Compensated Absences	330,960	
Capital Leases Payable	<u>131,123</u>	
		<u>(11,377,083)</u>

Net assets of governmental activities \$ 6,904,116

**FLORHAM PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 13,822,785			\$ 1,054,628	\$ 14,877,413
Transportation Fees from Individuals	42,600				42,600
Transportation Fees from Other LEA's	68,931				68,931
Interest	11,478		\$ 308		11,786
Miscellaneous	<u>133,765</u>	<u>\$ 70,386</u>	<u>-</u>	<u>-</u>	<u>204,151</u>
<b>Total - Local Sources</b>	<b>14,079,559</b>	<b>70,386</b>	<b>308</b>	<b>1,054,628</b>	<b>15,204,881</b>
State Sources	1,817,475	53,257	480		1,871,212
Federal Sources	<u>-</u>	<u>252,880</u>	<u>-</u>	<u>-</u>	<u>252,880</u>
<b>Total Revenues</b>	<b><u>15,897,034</u></b>	<b><u>376,523</u></b>	<b><u>788</u></b>	<b><u>1,054,628</u></b>	<b><u>17,328,973</u></b>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular	6,458,049	97,407			6,555,456
Special Education	2,112,996	187,517			2,300,513
Other Instruction	47,792	19,251			67,043
School-Sponsored Activities and Athletics	148,318				148,318
Support Services					
Student and Instruction Related Services	2,468,803	72,348			2,541,151
General Administrative Services	512,323				512,323
School Administrative Services	931,646				931,646
Central Services	344,484				344,484
Plant Operations and Maintenance	1,743,922				1,743,922
Student Transportation Services	762,550				762,550
Debt Service					
Principal	92,196			545,000	637,196
Interest and Other Charges	9,806			509,628	519,434
Capital Outlay	<u>131,813</u>	<u>-</u>	<u>9,000</u>	<u>-</u>	<u>140,813</u>
<b>Total Expenditures</b>	<b><u>15,764,698</u></b>	<b><u>376,523</u></b>	<b><u>9,000</u></b>	<b><u>1,054,628</u></b>	<b><u>17,204,849</u></b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>132,336</u>	<u>-</u>	<u>(8,212)</u>	<u>-</u>	<u>124,124</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	5,467		102,059		107,526
Transfers Out	<u>(102,059)</u>	<u>-</u>	<u>(5,467)</u>	<u>-</u>	<u>(107,526)</u>
<b>Total Other Financing Sources and Uses</b>	<b><u>(96,592)</u></b>	<b><u>-</u></b>	<b><u>96,592</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Net Change in Fund Balances</b>	<b>35,744</b>	<b>-</b>	<b>88,380</b>	<b>-</b>	<b>124,124</b>
Fund Balance, Beginning of Year	<u>623,217</u>	<u>-</u>	<u>6,919</u>	<u>2</u>	<u>630,138</u>
<b>Fund Balance, End of Year</b>	<b><u>\$ 658,961</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 95,299</u></b>	<b><u>\$ 2</u></b>	<b><u>\$ 754,262</u></b>

**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, 2009**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ 124,124

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	\$ 140,813	
Depreciation Expense	<u>(764,882)</u>	
		(624,069)

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		2,671
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Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

Serial Bonds	545,000	
Capital Leases	<u>92,196</u>	
		637,196

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>6,200</u>
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**Change in net assets of governmental activities (Exhibit A-2)** \$ 146,122

**FLORHAM PARK BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2009**

	<b>Non-Major Enterprise Fund <u>Food Service</u></b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,359
Intergovernmental Receivable, Net Federal	<u>1,640</u>
Total Current Assets	<u>3,999</u>
Capital Assets	
Equipment	100,496
Less: Accumulated Depreciation	<u>(100,000)</u>
Total Capital Assets	<u>496</u>
Total Assets	<u>4,495</u>
<b>NET ASSETS</b>	
Invested in Capital Assets Unrestricted	<u>496</u> <u>3,999</u>
Total Net Assets	<u><u>\$ 4,495</u></u>

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

**FLORHAM PARK BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<b>Non-Major Enterprise Fund <u>Food Service</u></b>
<b>OPERATING REVENUES</b>	
Local Sources	
Daily Sales	\$ 9,143
Total Operating Revenues	<u>9,143</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales	11,529
Salaries and Benefits	1,500
Purchased Services	2,470
Depreciation	<u>913</u>
Total Operating Expenses	<u>16,412</u>
Operating Loss	<u>(7,269)</u>
Nonoperating Revenues	
Federal Sources	
Special School Milk Program	<u>8,256</u>
Total Nonoperating Revenues	<u>8,256</u>
Changes in Net Assets	987
Total Net Assets, Beginning of Year	<u>3,508</u>
Total Net Assets, End of Year	<u>\$ 4,495</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, 2009**

**EXHIBIT B-6**

	<b>Non-Major Enterprise Fund <u>Food Service</u></b>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 9,143
Cash Payments for Employee Salaries	
Salaries and Benefits	(1,500)
Cash Payments to Suppliers for Goods and Services	<u>(13,999)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(6,356)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>6,985</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>6,985</u>
Net Increase (Decrease) in Cash and Cash Equivalents	629
Cash and Cash Equivalents, Beginning of Year	<u>1,730</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,359</u></u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ <u>(7,269)</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>\$ (6,356)</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, 2009**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 42,141	\$ 6,749	\$ 30,875
Other Receivables	5,123		
Due from Other Funds	<u>1,000</u>	<u>-</u>	<u>150</u>
Total Assets	<u>48,264</u>	<u>6,749</u>	<u>\$ 31,025</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 4,516
Accrued Salaries and Wages			1,505
Due to Other Funds		150	881
Due to Student Groups	<u>-</u>	<u>-</u>	<u>24,123</u>
Total Liabilities	<u>-</u>	<u>150</u>	<u>\$ 31,025</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 48,264</u>	<u>\$ 6,599</u>	

**FLORHAM PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
<b>ADDITIONS</b>		
Contributions		
District	\$ 30,000	
Employees	15,369	
Investment Earnings		
Interest	<u>70</u>	<u>\$ 19</u>
Total Additions	<u>45,439</u>	<u>19</u>
<b>DEDUCTIONS</b>		
Scholarship Awards		150
Unemployment Claims and Contributions	<u>9,236</u>	<u>-</u>
Total Deductions	<u>9,236</u>	<u>150</u>
Change in Net Assets	36,203	(131)
Net Assets, Beginning of Year	<u>12,061</u>	<u>6,730</u>
Net Assets, End of Year	<u>\$ 48,264</u>	<u>\$ 6,599</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**



**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**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. The District considers all of its governmental funds to be major funds.

FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 to be accounted for in another fund.

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

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 fund which is organized to be self-supporting through user charges:

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

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**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 enterprise fund is 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, 2009**

**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 2007-2008 and 2008-2009 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

***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 or emergency purposes.



**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

**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, 2009**

**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 2B.)

**Reserved for Emergency Reserve** – This reserve was created to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

**Reserved for Excess Surplus** – This reserve was created to represent the June 30, 2009 audited excess surplus that is required to be appropriated in the 2010/2011 original budget certified for taxes.

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

**Designated for Subsequent Year's Expenditures** – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2009/2010 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 2008/2009. During 2008/2009 the Board increased the original budget by \$247,430. 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 \$28,020 and \$76,889 of additional general fund surplus were made on March 16, 2009 and April 20, 2009, respectively.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

The activity of the capital reserve for the fiscal year ended June 30, 2009 is as follows:

Beginning balance		\$ 25,114
Increases:		
Interest earnings	\$ 103	
Deposits Approved by Board Resolution	100,000	
Transfer from Capital Projects Fund	<u>5,159</u>	
		<u>105,262</u>
		<u>130,376</u>
Withdrawals:		
Approved by Board Resolution		<u>(25,000)</u>
Ending balance		<u>\$ 105,376</u>

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

**B. Capital Reserve Account (Continued)**

The June 30, 2009 LRFP balance of local support costs of uncompleted capital projects is \$994,136. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**C. Transfers to Capital Outlay**

During the 2007/2008 school year, the district transferred \$129,909 to the capital outlay accounts. The transfers were made from the capital reserve account and undesignated unreserved general fund balance for (i) a transfer to capital projects fund for the local share of an approved state school facilities project (ii) repairs to Ridgedale Middle School roof and (iii) hot water system at Ridgedale Middle School approved by the County Superintendent to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-2.11(c)2.

**D. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2009 is \$61,562. This amount will be appropriated in the 2010/2011 original budget certified from taxes.

**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 \$250,000 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, 2009, the book value of the Board's deposits was \$661,635 and bank balances of the Board's cash and deposits amounted to \$896,159. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

**A. Deposits and Investments (Continued)**

**Deposits (Continued)**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 755,413
Uninsured and Collateralized	<u>140,746</u>
	<u>\$ 896,159</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2009 the Board’s bank balance of \$140,746 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	<u>\$ 140,746</u>
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**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, 2009, the Board had no outstanding investments.

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

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

**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 Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Receivables:						
Intergovernmental	\$ 39,632	\$ 256,574	\$ 65,988	\$ 1,640		\$ 363,834
Other	-	-	-	-	\$ 5,123	5,123
Gross Receivables	39,632	256,574	65,988	1,640	5,123	368,957
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Net Total Receivables	<u>\$ 39,632</u>	<u>\$ 256,574</u>	<u>\$ 65,988</u>	<u>\$ 1,640</u>	<u>\$ 5,123</u>	<u>\$ 368,957</u>

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$15,044
Capital Projects Fund	
Unrealized School Facility Grants	<u>63,748</u>
 Total deferred revenue for governmental funds	 <u>\$78,792</u>

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,156,663			\$ 1,156,663
Construction in Progress	<u>-</u>	<u>\$ 9,000</u>	<u>-</u>	<u>9,000</u>
Total capital assets, not being depreciated	<u>1,156,663</u>	<u>9,000</u>	<u>-</u>	<u>1,165,663</u>
Capital assets, being depreciated:				
Land Improvements	1,369,190			1,369,190
Building and Building Improvements	22,119,835	\$ 41,100		22,160,935
Machinery and Equipment	<u>2,071,501</u>	<u>90,713</u>	<u>\$ -</u>	<u>2,162,214</u>
Total capital assets being depreciated	<u>25,560,526</u>	<u>131,813</u>	<u>-</u>	<u>25,692,339</u>
Less accumulated depreciation for:				
Land Improvements	(594,576)	(86,854)		(681,430)
Building and Building Improvements	(6,049,655)	(542,966)		(6,592,621)
Machinery and Equipment	<u>(1,701,306)</u>	<u>(135,062)</u>	<u>-</u>	<u>(1,836,368)</u>
Total accumulated depreciation	<u>(8,345,537)</u>	<u>(764,882)</u>	<u>-</u>	<u>(9,110,419)</u>
Total assets, being depreciation, net	<u>17,214,989</u>	<u>(633,069)</u>	<u>-</u>	<u>16,581,920</u>
Government activities capital assets, net	<u>\$ 18,371,652</u>	<u>\$ (624,069)</u>	<u>\$ -</u>	<u>\$ 17,747,583</u>

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**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>
<b>Business-Type Activities:</b>				
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	(99,087)	\$ (913)	-	(100,000)
Total accumulated depreciation	<u>(99,087)</u>	<u>(913)</u>	<u>-</u>	<u>(100,000)</u>
Total capital assets, being depreciated, net	<u>1,409</u>	<u>(913)</u>	<u>-</u>	<u>496</u>
Business-type activities capital assets, net	<u>\$ 1,409</u>	<u>\$ (913)</u>	<u>\$ -</u>	<u>\$ 496</u>

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

**Governmental Activities:**

Instruction		
Regular		\$ 13,078
Special Education		483
Total Instruction		<u>13,561</u>
Support Services		
Student and Instructional Related Services		12,579
General Administrative Services		6,528
School Administrative Services		32,764
Central Services		727
Plant Operations and Maintenance		657,424
Pupil Transportation		41,299
Total Support Services		<u>751,321</u>
Total depreciation expense - governmental activities		<u>\$ 764,882</u>
<b>Business-Type Activities:</b>		
Food Service Fund		<u>\$ 913</u>



**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

**C. Capital Assets (Continued)**

Construction commitments

The District has the following active construction projects as of June 30, 2009:

<u>Project</u>	<u>Remaining Commitment</u>
Partial Roof Replacement at Ridgedale Middle School Media Center	<u>\$ 103,817</u>

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

The composition of interfund balances as of June 30, 2009, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	\$ 881
General Fund	Special Revenue Fund	198,641
Unemployment Trust Fund	General Fund	<u>1,000</u>
Total		<u>\$ 200,522</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>	<u>Capital Projects</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 102,059	\$ 102,059
Capital Projects Fund	<u>\$ 5,467</u>	<u>-</u>	<u>5,467</u>
Total	<u>\$ 5,467</u>	<u>\$ 102,059</u>	<u>\$ 107,526</u>

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

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

**E. Leases**

**Capital Leases**

The District is leasing school buses, trucks and equipment totaling \$343,689 under capital leases. The leases are for terms of 3 to 5 years.

The capital assets acquired through capital leases are as follows:

	<b>Governmental <u>Activities</u></b>
Machinery and Equipment	<b><u>\$ 343,689</u></b>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009 were as follows:

<b><u>Year Ending June 30</u></b>	<b>Governmental <u>Activities</u></b>
2010	\$ 60,903
2011	54,550
2012	13,775
2013	<u>13,775</u>
Total minimum lease payments	143,003
Less: amount representing interest	<u>(11,880)</u>
Present value of minimum lease payments	<b><u>\$ 131,123</u></b>

**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, 2009 are comprised of the following issues:

\$4,950,000, 1994 Bonds, due in annual installments of \$410,000 through December 15, 2009, interest at 6.20%	\$ 410,000
\$10,940,000, 2002 Bonds, due in annual installments of \$165,000 to \$960,000 through July 15, 2022, interest at 4.2% to 4.75%	<u>10,505,000</u>
	<b><u>\$10,915,000</u></b>

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**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>	
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	665,000	395,458	1,060,458
2014	695,000	366,218	1,061,218
2015-2019	3,980,000	1,339,903	5,319,903
2018-2023	<u>3,760,000</u>	<u>359,851</u>	<u>4,119,851</u>
	<u>\$ 10,915,000</u>	<u>\$ 3,811,663</u>	<u>\$ 14,726,663</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2009 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 97,102,876
Less: Net Debt	<u>10,915,000</u>
Remaining Borrowing Power	<u>\$ 86,187,876</u>

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 11,460,000		\$ 545,000	\$ 10,915,000	\$ 575,000
Capital Leases Payable	223,319		92,196	131,123	54,302
Compensated Absences	<u>333,631</u>	<u>\$ 43,776</u>	<u>46,447</u>	<u>330,960</u>	<u>45,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 12,016,950</u>	<u>\$ 43,776</u>	<u>\$ 683,643</u>	<u>\$ 11,377,083</u>	<u>\$ 674,302</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, 2009**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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.

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>
2009	\$ 30,000	\$ 15,369	\$ 9,236	\$ 48,264
2008	20,000	14,423	24,363	12,061
2007	17,000	11,065	30,630	1,949

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 4 OTHER INFORMATION (Continued)**

**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, 2009, 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, 2009, the District had not estimated its arbitrage earnings due to the IRS, if any.

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

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

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

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

**Other Pension Funds**

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

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

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Other Pension Funds (Continued)**

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

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

**Significant Legislation**

P.L. 2007, c.92, implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform: established a Defined Contribution Retirement Program (DCRP) for elected and certain appointed officials, effective July 1, 2007; closed the Workers' Compensation Judges part of PERS to new members, effective July 1, 2007; eliminated the four percent fixed rate of interest for loans from the defined benefit plans and provided that the rate of interest will be set by the State Treasurer at a commercially reasonable rate as required by the Internal Revenue Code and permitted that an administrative processing fee may be charged for such loans. It also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the system when excess assets are available.

P.L. 2007, c.103, certain parts effective July 1, 2007, provided for the following: changed employee contribution rates of TPAF, PERS (State employees only) and DCRP to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) and established for State employees an employee contribution of 1.5 percent of the employee's base salary.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Significant Legislation (Continued)**

Public Law 2009, c.19 (S-21) was enacted on March 17, 2009 and allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying the full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the PERS and/or PFRS obligations for payments due in the State fiscal year ending June 30, 2009. These payments were due on April 1, 2009.

**Funding Status and Funding Progress**

As of June 30, 2007, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 76.0 percent with an unfunded actuarial accrued liability of \$28.4 billion.

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

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

**Actuarial Methods and Assumptions**

In the June 30, 2007 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

**Employer and Employee Pension Contributions**

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 5.5% for TPAF of the employee's annual compensation. 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.

**Annual Pension Costs (APC)**

During the year ended June 30, 2008 for TPAF, which is a cost sharing plan with special funding situations, annual pension costs differ from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals the annual required contribution. 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, 2009**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

During the years ended June 30, 2009, 2008 and 2007 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 the following amounts:

<u>Year Ended</u> <u>June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>
2009	\$ 115,069	\$ 22,698
2008	81,518	503,549
2007	47,648	488,422

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$528,735 during the year ended June 30, 2009 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a fund Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as a separate fund Health Benefits Program Fund –Local in the State's CAFR. The health benefit programs had a total of 452 state and local participating employers and contributing entities for Fiscal Year 2008.

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

**Basis of Accounting**

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



**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of June 30, 2007, the most recent actuarial valuation date, the State had a \$50.6 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) which is made up to \$18.4 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the June 30, 2007, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2008, there were 80,181 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$116.0 million toward Chapter 126 benefits for 12,545 eligible retired members in fiscal year 2008.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions (Continued)**

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2009, 2008 and 2007 were \$433,029, \$520,836 and \$515,414, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**E. Subsequent Events**

**Refunding School Bonds**

On September 17, 2007 the Board adopted a resolution for the issuance of \$9,700,000 Refunding School Bonds for the purpose of refunding all or a portion of the Boards outstanding 2002 School Bonds in the amount of \$9,100,000 maturing on July 15 in the years 2012 through 2022. On September 10, 2009 the Board issued \$9,185,000 of said refunding bonds to Roosevelt & Cross at an interest rate of 2.00% to 4.00%. These bonds dated September 10, 2009 will mature over 13 years with the first maturity due July 15, 2010.

**BUDGETARY COMPARISON SCHEDULES**



**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Tax Levy	\$ 13,822,785		\$ 13,822,785	\$ 13,822,785	
Transportation Fees From Individuals	45,000		45,000	42,600	\$ (2,400)
Transportation Fees From Other LEA's	50,000		50,000	68,931	18,931
Interest				11,375	11,375
Interest on Capital Reserve	20		20	103	83
Miscellaneous	30,000	-	30,000	133,765	103,765
<b>Total Local Sources</b>	<b>13,947,805</b>	<b>-</b>	<b>13,947,805</b>	<b>14,079,559</b>	<b>131,754</b>
<b>State Sources</b>					
Special Education Aid	597,477		597,477	597,477	
Transportation Aid	145,706		145,706	145,706	
Security Aid	78,606		78,606	29,579	(49,027)
Additional Nonpublic Transportation Aid				13,793	13,793
Extraordinary Aid	206,426		206,426	222,758	16,332
On-behalf TPAF Pension Payments - Pension Cost (Non-Budget)				22,698	22,698
On-behalf TPAF Pension Payments - Post Retirement Medical (Non-Budget)				433,029	433,029
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	528,735	528,735
<b>Total State Sources</b>	<b>1,028,215</b>	<b>-</b>	<b>1,028,215</b>	<b>1,993,775</b>	<b>965,560</b>
<b>Total Revenues</b>	<b>14,976,020</b>	<b>-</b>	<b>14,976,020</b>	<b>16,073,334</b>	<b>1,097,314</b>
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Kindergarten	308,500	\$ (19,616)	288,884	288,884	
Grades 1-5	2,293,500	(2,214)	2,291,286	2,291,286	
Grades 6-8	1,668,500	(64,067)	1,604,433	1,604,433	
<b>Regular Program - Home Instruction</b>					
Salaries of Teachers	10,000	(9,400)	600	600	
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	195,500	(7,703)	187,797	187,797	
Purchased Professional/Educational Services	10,600	(5,582)	5,018	5,018	
Purchased Technical Services	15,700	(1,651)	14,049	14,049	
Other Purchased Services	102,100	(12,062)	90,038	88,896	1,142
General Supplies	309,535	(36,096)	273,439	273,354	85
Textbooks	68,375	5,345	73,720	73,588	132
Other Objects	19,200	(5,481)	13,719	13,219	500
<b>Total Regular Programs</b>	<b>5,001,510</b>	<b>(158,527)</b>	<b>4,842,983</b>	<b>4,841,124</b>	<b>1,859</b>
<b>Special Education</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	63,000	11,292	74,292	74,292	
Other Salaries for Instruction	47,000	(20,857)	26,143	26,143	
General Supplies	1,100	4,255	5,355	5,355	
Textbooks	1,200	(585)	615	615	-
<b>Total Learning and/or Language Disabilities</b>	<b>112,300</b>	<b>(5,895)</b>	<b>106,405</b>	<b>106,405</b>	<b>-</b>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 694,500	\$ 110,544	\$ 805,044	\$ 805,044	
Other Salaries for Instruction	132,000	40,004	172,004	172,004	
General Supplies	6,600	(3,777)	2,823	2,823	
Textbooks	2,600	(2,010)	590	590	-
<b>Total Resource Room</b>	<b>835,700</b>	<b>144,761</b>	<b>980,461</b>	<b>980,461</b>	<b>-</b>
Preschool Disabilities - Full-Time					
Salaries of Teachers	114,500	508	115,008	115,008	
Other Salaries for Instruction	66,000	(31,764)	34,236	34,236	
General Supplies	2,000	(1,107)	893	893	-
<b>Total Preschool Disabilities - Full-Time</b>	<b>182,500</b>	<b>(32,363)</b>	<b>150,137</b>	<b>150,137</b>	<b>-</b>
<b>Total Special Education</b>	<b>1,130,500</b>	<b>106,503</b>	<b>1,237,003</b>	<b>1,237,003</b>	<b>-</b>
Bilingual Education					
Salaries of Teachers	34,000	435	34,435	34,435	
General Supplies	600	38	638	638	-
<b>Total Bilingual Education</b>	<b>34,600</b>	<b>473</b>	<b>35,073</b>	<b>35,073</b>	<b>-</b>
School Sponsored Cocurricular Activities					
Salaries	60,000	15,893	75,893	75,893	
Supplies and Materials	5,935	(282)	5,653	4,995	\$ 658
<b>Total School Sponsored Cocurricular Activities</b>	<b>65,935</b>	<b>15,611</b>	<b>81,546</b>	<b>80,888</b>	<b>658</b>
School Sponsored Athletics					
Salaries	30,000	(6,893)	23,107	22,847	260
Purchased Services	4,500	-	4,500	3,735	765
Supplies and Materials	5,200	(46)	5,154	5,053	101
Other Objects	1,500	(220)	1,280	1,280	-
<b>Total School Sponsored Athletics</b>	<b>41,200</b>	<b>(7,159)</b>	<b>34,041</b>	<b>32,915</b>	<b>1,126</b>
Other Instructional Programs					
Supplies and Materials	1,000	-	1,000	343	657
<b>Total Other Instructional Programs</b>	<b>1,000</b>	<b>-</b>	<b>1,000</b>	<b>343</b>	<b>657</b>
<b>Total Instruction</b>	<b>6,274,745</b>	<b>(43,099)</b>	<b>6,231,646</b>	<b>6,227,346</b>	<b>4,300</b>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	371,000	(98,964)	272,036	180,691	91,345
Tuition to CSSD & Reg. Day Schools		61,450	61,450	60,175	1,275
Tuition to Priv. Sch. for the Disabled					
Within the State	293,164	(91,450)	201,714	91,211	110,503
Tuition - Other	73,524	54,147	127,671	96,200	31,471
<b>Total Undistributed Expenditures - Instruction</b>	<b>737,688</b>	<b>(74,817)</b>	<b>662,871</b>	<b>428,277</b>	<b>234,594</b>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Undistributed Expenditures (Continued)</b>					
<b>Health Services</b>					
Salaries	\$ 237,350	\$ (11,000)	\$ 226,350	\$ 226,306	\$ 44
Purchased Professional-Technical Services		10,000	10,000	10,000	
Other Purchased Services	1,250	(100)	1,150	1,048	102
Supplies and Materials	4,770	895	5,665	5,548	117
Other Objects	700	(200)	500	360	140
<b>Total Health Services</b>	<b>244,070</b>	<b>(405)</b>	<b>243,665</b>	<b>243,262</b>	<b>403</b>
<b>Other Support Serv. Students - Related Serv.</b>					
Salaries	440,000	29,400	469,400	469,201	199
Purchased Professional-Educational Services	146,000	(55,622)	90,378	88,210	2,168
Supplies and Materials	6,520	(5,200)	1,320	1,175	145
<b>Total Other Support Serv. Students - Related Serv.</b>	<b>592,520</b>	<b>(31,422)</b>	<b>561,098</b>	<b>558,586</b>	<b>2,512</b>
<b>Other Support Services-Students-Extra Serv.</b>					
Salaries	54,000	(1,500)	52,500	52,375	125
<b>Total Other Support Services - Students - Extra Serv.</b>	<b>54,000</b>	<b>(1,500)</b>	<b>52,500</b>	<b>52,375</b>	<b>125</b>
<b>Other Support Services-Students-Regular</b>					
Salaries of Other Professional Staff	124,500	(11,015)	113,485	113,434	51
Salaries of Secretarial and Clerical Assistants	60,500	-	60,500	60,480	20
Other Purchased Professional and Tech. Services	22,800	7,626	30,426	30,426	
Other Purchased Services	900	(771)	129	129	
Supplies and Materials	4,700	(80)	4,620	4,620	
Other Objects	250	(100)	150	150	-
<b>Total Other Support Services - Students - Regular</b>	<b>213,650</b>	<b>(4,340)</b>	<b>209,310</b>	<b>209,239</b>	<b>71</b>
<b>Other Support Services-Students-Special Services</b>					
Salaries of Other Professional Staff	257,500	(1,000)	256,500	256,200	300
Salaries of Secretarial and Clerical Assistants	53,500	4,000	57,500	57,025	475
Other Purchased Professional and Tech. Services	19,700	(8,306)	11,394	11,351	43
Misc Purchased Services	6,600	449	7,049	6,740	309
Supplies and Materials	9,000	1,702	10,702	9,840	862
Other Objects	2,000	(786)	1,214	1,050	164
<b>Total Other Support Services - Students - Special Services</b>	<b>348,300</b>	<b>(3,941)</b>	<b>344,359</b>	<b>342,206</b>	<b>2,153</b>
<b>Improvement of Instructional Services</b>					
Salaries of Other Professional Staff	49,000	3,000	52,000	51,993	7
Other Salaries	15,000	18,000	33,000	33,000	
Other Purchased Services		-			
Supplies and Materials		-			
Other Objects	2,000	(1,692)	308	308	-
<b>Total Improvement of Instructional Services</b>	<b>66,000</b>	<b>19,308</b>	<b>85,308</b>	<b>85,301</b>	<b>7</b>
<b>Educational Media Services/School Library</b>					
Salaries	267,000	(14,045)	252,955	252,955	
Purchased Professional and Technical Service	7,800	-	7,800	7,703	97
Other Purchased Services	10,550	(1,362)	9,188	8,984	204
Supplies and Materials	43,600	(9,150)	34,450	33,373	1,077
<b>Total Educational Media Serv./School Library</b>	<b>328,950</b>	<b>(24,557)</b>	<b>304,393</b>	<b>303,015</b>	<b>1,378</b>
<b>Instructional Staff Training Services</b>					
Salaries of Other Professional Staff	49,000	3,000	52,000	51,992	8
Other Salaries	12,000	(8,260)	3,740	3,740	
Purchased Professional/Educational Services	51,800	(26,727)	25,073	24,013	1,060
Other Purchased Services	5,500	(3,779)	1,721	1,417	304
Other Objects	1,500	(675)	825	825	-
<b>Total Staff Training Services</b>	<b>119,800</b>	<b>(36,441)</b>	<b>83,359</b>	<b>81,987</b>	<b>1,372</b>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 237,000	\$ 7,000	\$ 244,000	\$ 243,500	\$ 500
Legal Services	55,000	(11,663)	43,337	38,337	5,000
Audit Fees	16,500	16,500	33,000	16,500	16,500
Other Purchased Professional Services	17,000	(1,106)	15,894	11,394	4,500
Communications/Telephone	61,000	(2,571)	58,429	56,977	1,452
Other Purchased Services	36,000	(1,050)	34,950	33,507	1,443
General Supplies	6,000	9,599	15,599	15,117	482
Miscellaneous Expenditures	20,400	(7,678)	12,722	12,722	-
<b>Total Support Services General Administration</b>	<b>448,900</b>	<b>9,031</b>	<b>457,931</b>	<b>428,054</b>	<b>29,877</b>
Support Services School Administration					
Salaries of Principal/Asst. Principals	375,698	199	375,897	375,897	
Salaries of Other Professional Staff	104,198	1,778	105,976	105,976	
Salaries of Secretarial and Clerical Assistants	185,500	(4,491)	181,009	181,009	
Purchased Professional and Technical Services	2,750	(2,000)	750	250	500
Other Purchased Services	23,270	(11,056)	12,214	11,653	561
Supplies and Materials	18,250	(6,055)	12,195	11,796	399
Other Objects	11,000	(3,800)	7,200	6,701	499
<b>Total Support Services School Administration</b>	<b>720,666</b>	<b>(25,425)</b>	<b>695,241</b>	<b>693,282</b>	<b>1,959</b>
Support Services Central Services					
Salaries	223,550	4,075	227,625	227,625	
Purchased Professional Services	3,000	(2,633)	367	214	153
Purchased Technical Services	10,000	400	10,400	10,400	
Miscellaneous Purchased Services	17,300	(1,450)	15,850	15,850	
Supplies and Materials	3,700	3,908	7,608	7,508	100
Miscellaneous Expenditures	1,500	-	1,500	1,315	185
<b>Total Support Central School Administration</b>	<b>259,050</b>	<b>4,300</b>	<b>263,350</b>	<b>262,912</b>	<b>438</b>
Required Maintenance for School Facilities					
Salaries	178,500	15,531	194,031	194,027	4
Cleaning, Repair and Maintenance Services	56,000	66,128	122,128	108,228	13,900
General Supplies	20,000	7,391	27,391	27,324	67
<b>Total Required Maintenance for School Fac.</b>	<b>254,500</b>	<b>89,050</b>	<b>343,550</b>	<b>329,579</b>	<b>13,971</b>
Other Operation & Maint. Of Plant					
Salaries	454,500	58,117	512,617	511,027	1,590
Purchased Prof. And Technical Serv.	29,000	2,712	31,712	31,617	95
Cleaning, Repair and Maint. Serv.	32,800	1,832	34,632	34,478	154
Other Purchased Property Services	44,000	(11,953)	32,047	30,199	1,848
Insurance	113,500	(13,561)	99,939	99,939	
Miscellaneous Purchased Services		950	950	950	
General Supplies	33,000	28,902	61,902	60,674	1,228
Energy	404,125	20,520	424,645	423,885	760
Other Objects	1,000	2,432	3,432	3,432	-
<b>Total Other Operation &amp; Maint. Of Plant</b>	<b>1,111,925</b>	<b>89,951</b>	<b>1,201,876</b>	<b>1,196,201</b>	<b>5,675</b>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	187,000	(26,052)	160,948	160,948	
Salaries for Pupil Transportation (Between Home and School) - Special	163,000	15,016	178,016	178,016	
Salaries for Pupil Transportation (Other than Between Home and School)	32,000	14,198	46,198	46,198	
Management Fee - ESC & CTSA Transp. Prog.	3,000	-	3,000	975	2,025
Other Purchased Prof. and Technical Serv.	1,500	(225)	1,275	39	1,236
Cleaning, Repair and Maintenance Services	70,000	(26,490)	43,510	28,696	14,814
Lease Purchase Payments - School Buses	26,000	18,036	44,036	39,739	4,297
Contracted Services (Bet. Home and Sch)-Vendors	3,000	-	3,000	739	2,261
Contracted Services (Other than Between Home and Sch) - Vendors	5,000	-	5,000	2,393	2,607



**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Student Transportation Services (Continued)					
Contracted Services (Spl. Ed. Students) - Vendors	\$ 120,000	\$ (28,421)	\$ 91,579	\$ 91,579	
Contracted Services (Spl. Ed. Students) - Joint Agmts	40,000	(29,814)	10,186	10,186	
Contracted Services - Aid in Lieu of Payments					
Non-Public	70,000	(2,917)	67,083	67,083	
Misc. Purchased Serv. - Transportation	30,000	(11,685)	18,315	18,315	
Supplies and Materials	24,000	(82)	23,918	22,201	\$ 1,717
Other Objects	1,000	887	1,887	1,887	-
	<u>775,500</u>	<u>(77,549)</u>	<u>697,951</u>	<u>668,994</u>	<u>28,957</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	195,000	7,426	202,426	201,185	1,241
Other Retirement Contributions - Regular	145,000	(29,931)	115,069	115,069	
Unemployment Compensation	30,000	-	30,000	30,000	
Workers Compensation	125,000	(11,773)	113,227	113,227	
Health Benefits	1,901,000	(1,977)	1,899,023	1,899,023	
Tuition Reimbursement	45,000	30,581	75,581	67,930	7,651
Other Employee Benefits	76,000	(4,224)	71,776	71,259	517
	<u>2,517,000</u>	<u>(9,898)</u>	<u>2,507,102</u>	<u>2,497,693</u>	<u>9,409</u>
On-behalf TPAF Pension Payments -					
Normal Cost (Non-Budget)				22,698	(22,698)
On-behalf TPAF Pension Payments -					
Post Retirement Medical (Non-Budget)				433,029	(433,029)
On-behalf TPAF Social Security Payments					
(Non-Budget)	-	-	-	528,735	(528,735)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>984,462</u>	<u>(984,462)</u>
Total On-Behalf Payments					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>984,462</u>	<u>(984,462)</u>
Total Undistributed Expenditures					
	<u>8,792,519</u>	<u>(78,655)</u>	<u>8,713,864</u>	<u>9,365,425</u>	<u>(651,561)</u>
Total Expenditures - Current Expenditures					
	<u>15,067,264</u>	<u>(121,754)</u>	<u>14,945,510</u>	<u>15,592,771</u>	<u>(647,261)</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Expenditures:					
Instruction	15,500	155,914	171,414	62,111	109,303
Operations and Maint. Of Plant Serv.	2,750	26,230	28,980	28,980	
Transportation	-	3,872	3,872	3,872	-
	<u>18,250</u>	<u>186,016</u>	<u>204,266</u>	<u>94,963</u>	<u>109,303</u>
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services					
Construction Services		36,850	36,850	36,850	
Lease Purchase Agreements - Principal	30,000	-	30,000	29,628	372
	<u>30,000</u>	<u>36,850</u>	<u>66,850</u>	<u>66,478</u>	<u>372</u>
Total Facilities Acquis. and Const. Services					
	<u>48,250</u>	<u>222,866</u>	<u>271,116</u>	<u>161,441</u>	<u>109,675</u>
Transfer to Charter Schools					
	<u>10,486</u>	<u>-</u>	<u>10,486</u>	<u>10,486</u>	<u>-</u>
Total Expenditures					
	<u>15,126,000</u>	<u>101,112</u>	<u>15,227,112</u>	<u>15,764,698</u>	<u>(537,586)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	<u>(149,980)</u>	<u>(101,112)</u>	<u>(251,092)</u>	<u>308,636</u>	<u>559,728</u>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>Other Financing Sources (Uses)</b>					
Operating Transfers Out - Capital Projects Fund		\$ (102,059)	\$ (102,059)	\$ (102,059)	
Operating Transfers In - Capital Projects Fund	-	-	-	5,467	\$ 5,467
<b>Total Other Financing Sources (Uses)</b>	-	(102,059)	(102,059)	(96,592)	5,467
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources</b>					
	\$ (149,980)	(203,171)	(353,151)	212,044	565,195
<b>Fund Balance, Beginning of Year</b>	733,890	-	733,890	733,890	-
<b>Fund Balance, End of Year</b>	\$ 583,910	\$ (203,171)	\$ 380,739	\$ 945,934	\$ 565,195
<b>Recapitulation of Fund Balance</b>					
Reserved for Encumbrances				\$ 156,225	
Capital Reserve				105,376	
Emergency Reserve				170,000	
Excess Surplus				61,562	
Unreserved - Designated for Subsequent Year's Expenditures				125,000	
Unreserved, Undesignated				327,771	
Reconciliation to Governmental Funds Statements (GAAP):				945,934	
Less: State Aid Revenue Not Recognized on GAAP Basis				(286,973)	
<b>Fund Balance Per Governmental Funds (GAAP)</b>				<u>\$ 658,961</u>	

**FLORHAM PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 250,545	\$ 6,029	\$ 256,574	\$ 252,880	\$ (3,694)
State	94,189	(17,298)	76,891	53,257	(23,634)
Local	<u>20,000</u>	<u>55,528</u>	<u>75,528</u>	<u>70,386</u>	<u>(5,142)</u>
Total Revenues	<u>364,734</u>	<u>44,259</u>	<u>408,993</u>	<u>376,523</u>	<u>(32,470)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	10,250	(7,950)	2,300	2,300	
Purchased Professional Technical Services	207,744	(37,744)	170,000	170,000	
General Supplies	40,581	68,398	108,979	101,472	7,507
Textbooks	<u>12,407</u>	<u>(1,255)</u>	<u>11,152</u>	<u>11,152</u>	<u>-</u>
Total Instruction	<u>270,982</u>	<u>21,449</u>	<u>292,431</u>	<u>284,924</u>	<u>7,507</u>
Support Services					
Salaries	1,629	(356)	1,273	1,273	
Personnel Services - Employee Benefits	783	(607)	176		176
Purchased Professional/Educational Services	87,889	(11,040)	76,849	52,412	24,437
Other Purchased Services	<u>3,451</u>	<u>34,813</u>	<u>38,264</u>	<u>37,914</u>	<u>350</u>
Total Support Services	<u>93,752</u>	<u>22,810</u>	<u>116,562</u>	<u>91,599</u>	<u>24,963</u>
Unallocated Employee Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities Acquisition and Construction Services					
Noninstructional Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>364,734</u>	<u>44,259</u>	<u>408,993</u>	<u>376,523</u>	<u>32,470</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FLORHAM PARK BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 16,073,334	(C-2) \$ 376,523
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, 2008		
Encumbrances, June 30, 2009		
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2007/2008 State aid)	110,673	
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2008/2009 State aid)	<u>(286,973)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>15,897,034</u>	(B-2) \$ <u>376,523</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 15,764,698	(C-2) \$ 376,523
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, 2008		
Encumbrances, June 30, 2009	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>15,764,698</u>	(B-2) \$ <u>376,523</u>

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

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**SPECIAL REVENUE FUND**





**FLORHAM PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	IDEIA Part B Basic	IDEIA Part B Preschool	NCLB Title IIA	NCLB Title III	NCLB Title IV	Total Exhibit E-1A	Total Exhibit E-1B	2009
<b>REVENUES</b>								
Intergovernmental								
Federal	\$ 214,796	\$ 8,517	\$ 19,929	\$ 1,872	\$ 7,766	\$ 19,251	\$ 34,006	\$ 252,880
State	-	-	-	-	-	-	70,386	53,257
Local	-	-	-	-	-	-	-	70,386
<b>Total Revenues</b>	<b>\$ 214,796</b>	<b>\$ 8,517</b>	<b>\$ 19,929</b>	<b>\$ 1,872</b>	<b>\$ 7,766</b>	<b>\$ 19,251</b>	<b>\$ 104,392</b>	<b>\$ 376,523</b>
<b>EXPENDITURES</b>								
Instruction								
Salaries of Teachers	\$ 170,000			\$ 2,300				\$ 2,300
Purchased Prof. and Technical Services	9,000	\$ 8,517	\$ 3,599	\$ 1,872	298		\$ 78,186	170,000
General Supplies	-	-	-	-	-	-	11,152	101,472
Textbooks	-	-	-	-	-	-	-	11,152
<b>Total Instruction</b>	<b>179,000</b>	<b>8,517</b>	<b>3,599</b>	<b>1,872</b>	<b>2,598</b>	<b>-</b>	<b>89,338</b>	<b>284,924</b>
Support Services								
Salaries			1,105		168			1,273
Purchased Professional/Educational Services	13,107				5,000	\$ 19,251	15,054	52,412
Other Purchased Services	22,689		15,225					37,914
Supplies	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>35,796</b>	<b>-</b>	<b>16,330</b>	<b>-</b>	<b>5,168</b>	<b>19,251</b>	<b>15,054</b>	<b>91,599</b>
Facilities Acquisition and Construction Services								
Construction Services	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition and Const. Svc</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 214,796</b>	<b>\$ 8,517</b>	<b>\$ 19,929</b>	<b>\$ 1,872</b>	<b>\$ 7,766</b>	<b>\$ 19,251</b>	<b>\$ 104,392</b>	<b>\$ 376,523</b>

**FLORHAM PARK BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Nonpublic Ch. 192</u>	<u>Corrective</u>	<u>Nonpublic Ch. 193</u>	<u>Total</u>
	<u>Compensatory</u>	<u>Speech</u>	<u>Classification</u>	<u>E-1A</u>
	<u>Instruction</u>	<u>ESL</u>	<u>Instruction</u>	<u>E-1A</u>
<b>REVENUES</b>				
Intergovernmental				
Federal				
State	\$ 4,081	\$ 1,015	\$ 4,932	\$ 19,251
Local	-	-	-	-
<b>Total Revenues</b>	<u>\$ 4,081</u>	<u>\$ 1,015</u>	<u>\$ 4,932</u>	<u>\$ 19,251</u>
<b>EXPENDITURES</b>				
Instruction				
Salaries of Teachers				
General Supplies				
Textbooks				
<b>Total Instruction</b>	-	-	-	-
Support Services				
Salaries				
Personnel Services - Employee Benefits				
Purchased Professional/Educational Services	\$ 4,081	\$ 1,015	\$ 4,932	\$ 19,251
Supplies	-	-	-	-
<b>Total Support Services</b>	<u>\$ 4,081</u>	<u>\$ 1,015</u>	<u>\$ 4,932</u>	<u>\$ 19,251</u>
Facilities Acquisition and Construction Services				
Construction Services				
<b>Total Facilities Acquisition and Const. Svc</b>	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 4,081</u>	<u>\$ 1,015</u>	<u>\$ 4,932</u>	<u>\$ 19,251</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, 2009**

	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Technology</u>	<u>Local Grants</u>	<u>Total E-1B</u>
<b>REVENUES</b>					
Intergovernmental					
Federal					
State	\$ 15,054	\$ 11,152	\$ 7,800		\$ 34,006
Local	-	-	-	\$ 70,386	<u>70,386</u>
Total Revenues	<u>\$ 15,054</u>	<u>\$ 11,152</u>	<u>\$ 7,800</u>	<u>\$ 70,386</u>	<u>\$ 104,392</u>
<b>EXPENDITURES</b>					
Instruction					
General Supplies			\$ 7,800	\$ 70,386	\$ 78,186
Textbooks	-	\$ 11,152	-	-	<u>11,152</u>
Total Instruction	-	<u>11,152</u>	<u>7,800</u>	<u>70,386</u>	<u>89,338</u>
Support Services					
Salaries					
Personnel Services - Employee Benefits					
Purchased Professional/Educational Services	\$ 15,054	-	-	-	15,054
Supplies	-	-	-	-	-
Total Support Services	<u>15,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,054</u>
Facilities Acquisition and Construction Services					
Construction Services	-	-	-	-	-
Total Facilities Acquisition and Const. Svc	-	-	-	-	-
Total Expenditures	<u>\$ 15,054</u>	<u>\$ 11,152</u>	<u>\$ 7,800</u>	<u>\$ 70,386</u>	<u>\$ 104,392</u>

**FLORHAM PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**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, 2009**

<u>Issue/Project Title</u>	<u>Expenditures to Date</u>			<u>Cancellations</u>	<u>Unexpended Balance, June 30, 2009</u>
	<u>Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>		
Briarwood Multipurpose Room	\$ 162,600	\$ 151,283		\$ 11,317	
Ridgedale MS Roof Replacement	<u>168,047</u>	<u>-</u>	<u>\$ 9,000</u>	<u>-</u>	<u>\$ 159,047</u>
	<u>\$ 330,647</u>	<u>\$ 151,283</u>	<u>\$ 9,000</u>	<u>\$ 11,317</u>	<u>\$ 159,047</u>

**Reconciliation to GAAP**

Budget Balance - Budgetary Basis	\$ 159,047
Less:	
Unearned SDA Grant Revenue - Ridgedale MS Roof Replacement	<u>63,748</u>
Fund Balance - GAAP, June 30, 2009	<u>\$ 95,299</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>
Ridgedale Middle School Roof	
State Facilities Grant	\$ 65,988
Transfer from Capital Outlay	77,059
Transfer from Capital Reserve	<u>25,000</u>
	<u>\$ 168,047</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, 2009**

**Revenues and Other Financing Sources**

## Revenues

Interest	\$	308
State Aid - Net of Cancellations		59,830
Other Financing Sources		
Transfer In - General Fund		102,059

## Total Revenues and Other Financing Sources

162,197

**Expenditures and Other Financing Uses**

## Capital Outlays

Purchased Professional and Technical Services		9,000
Other Financing Uses		
Transfers Out - General Fund		5,467

## Total Expenditures and Other Financing Uses

14,467

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures  
and Other Financing Uses

147,730

Fund Balance- Beginning of Year

11,317

Fund Balance- End of Year

\$ 159,047

Reconciliation to GAAP

Fund Balance - End of Year - Budgetary Basis	\$	159,047
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Less: Unearned SDA Grant Revenue		63,748
----------------------------------	--	--------

63,748

Fund Balance, June 30, 2009 - GAAP

\$ 95,299



**FLORHAM PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
BRIARWOOD MULTI-PURPOSE ROOM  
RENOVATIONS TO SENIOR HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Prior Periods</u>	<u>Cancellation</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 61,741	\$ (6,158)	\$ 55,583	\$ 61,741
Transfers from Capital Reserve	<u>100,859</u>	<u>(5,159)</u>	<u>95,700</u>	<u>100,859</u>
 Total Revenues	 <u>162,600</u>	 <u>(11,317)</u>	 <u>151,283</u>	 <u>162,600</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	\$ 12,300		12,300	12,300
Construction Services	<u>138,983</u>	<u>-</u>	<u>138,983</u>	<u>150,300</u>
 Total Expenditures	 <u>151,283</u>	 <u>-</u>	 <u>151,283</u>	 <u>162,600</u>
 Excess of Revenue Over Expenditures	 <u>\$ 11,317</u>	 <u>\$ (11,317)</u>	 <u>\$ -</u>	 <u>\$ -</u>

**Additional Project Information:**

Project Number	SP1530-015-04-0AFS
Grant Date	2004/05
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	162,600
Additional Authorized Cost	-
Revised Authorized Cost	162,600
 Percentage Increase Over Original Authorized Cost	 0.00%
Percentage Completion	100.00%
Original Target Completion Date	2005/06
Revised Target Completion Date	2005/06

**FLORHAM PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
RIDGEDALE MIDDLE SCHOOL ROOF  
RENOVATIONS TO MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant		\$ 65,988	\$ 65,988	\$ 65,988
Transfers from Capital Outlay		77,059	77,059	77,059
Transfers from Capital Reserve	-	25,000	25,000	25,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	-	168,047	168,047	168,047
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services		\$ 9,000	9,000	19,877
Construction Services	-	-	-	148,170
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	-	9,000	9,000	168,047
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenue Over Expenditures	\$ -	\$ 159,047	\$ 159,047	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

**Additional Project Information:**

Project Number	SP1530-030-09-1001
Grant Date	May 1, 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	164,970
Additional Authorized Cost	3,077
Revised Authorized Cost	168,047

Percentage Increase Over Original Authorized Cost	1.86%
Percentage Completion	5.36%
Original Target Completion Date	2009/10
Revised Target Completion Date	2009/10

**ENTERPRISE FUND**



**EXHIBIT G-1**

**FLORHAM PARK BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Financial Statements are Presented on Exhibit B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Financial Statements are Presented on Exhibit B-5

**EXHIBIT G-3**

**PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Financial Statements are Presented on Exhibit B-6

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**FIDUCIARY FUNDS**





**FLORHAM PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2009**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 23,973	\$ 6,902	\$ 30,875
Due from Other Funds	<u>150</u>	<u>-</u>	<u>150</u>
 Total Assets	 <u>\$ 24,123</u>	 <u>\$ 6,902</u>	 <u>\$ 31,025</u>
 <b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 4,516	\$ 4,516
Accrued Salaries and Wages		1,505	1,505
Due to Other Funds		881	881
Due to Student Groups	<u>\$ 24,123</u>	<u>-</u>	<u>24,123</u>
 Total Liabilities	 <u>\$ 24,123</u>	 <u>\$ 6,902</u>	 <u>\$ 31,025</u>

**FLORHAM PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Balance, July 1, 2008</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2009</u>
<b>ELEMENTARY SCHOOLS</b>				
Briarwood	\$ 2,716	\$ 7,216	\$ 6,888	\$ 3,044
Brooklake	2,635	10,269	10,569	2,335
<b>MIDDLE SCHOOLS</b>				
Ridgedale Athletics		4,500	4,500	
Ridgedale	23,402	95,055	99,713	18,744
Due from Other Funds	<u>-</u>	<u>-</u>	<u>150</u>	<u>(150)</u>
Total All Schools	<u>\$ 28,753</u>	<u>\$ 117,040</u>	<u>\$ 121,820</u>	<u>\$ 23,973</u>

**FLORHAM PARK BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<b>Balance, July 1, <u>2008</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2009</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 4,150	\$ 4,362,927	\$ 4,362,561	\$ 4,516
Accrued Salaries and Wages	1,505	6,278,616	6,278,616	1,505
Due to Other Funds	<u>170</u>	<u>711</u>	<u>-</u>	<u>881</u>
 Total	 <u>\$ 5,825</u>	 <u>\$ 10,642,254</u>	 <u>\$ 10,641,177</u>	 <u>\$ 6,902</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, 2009**

<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, 2008</u>	<u>Matured</u>	<u>Balance, June 30, 2009</u>
School District Bonds - Series 1994	12/15/1994	\$ 4,950,000	12/15/2009	\$ 410,000	6.20 %	\$ 820,000	\$ 410,000	\$ 410,000
School District Bonds - Series 2002	7/15/2002	10,940,000	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			
						10,640,000	135,000	10,505,000
						<u>\$ 11,460,000</u>	<u>\$ 545,000</u>	<u>\$ 10,915,000</u>

**FLORHAM PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, June 30, 2008</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2009</u>
2004 Ford F350 Utility Trucks (2)	\$ 46,470	\$ 9,704		\$ 9,704	
2006 Bus - 54 Passenger, 2004 Ford F350 Pickup Truck, 2005 Dodge Caravan SE	101,062	41,655		36,026	\$ 5,629
Installation of Telecommunications / Public Address / Voice Mail Systems	131,982	80,225		25,372	54,853
2006 Bus - 24 Passenger	50,004	31,094		9,987	21,107
Various Equipment	60,641	<u>60,641</u>	<u>\$ -</u>	<u>11,107</u>	<u>49,534</u>
		<u>\$ 223,319</u>	<u>\$ -</u>	<u>\$ 92,196</u>	<u>\$ 131,123</u>



**FLORHAM PARK BOARD OF EDUCATION**  
**LONG-TERM DEBT**  
**DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 1,054,628	-	\$ 1,054,628	\$ 1,054,628	-
<b>Total Revenues</b>	<u>1,054,628</u>	<u>-</u>	<u>1,054,628</u>	<u>1,054,628</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	545,000		545,000	545,000	
Interest	509,629	-	509,629	509,628	\$ 1
<b>Total Expenditures</b>	<u>1,054,629</u>	<u>-</u>	<u>1,054,629</u>	<u>1,054,628</u>	<u>1</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1)	-	(1)	-	1
<b>Fund Balance, Beginning of Year</b>	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<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 SIX FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	2004	2005	2006	2007	2008	2009
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$ 6,784,337	\$ 6,852,751	\$ 6,762,118	\$ 6,742,419	\$ 6,688,333	\$ 6,701,460
Restricted	114,565	104,339	209,068	89,270	32,035	200,677
Unrestricted	38,335	(212,420)	(374,914)	(386,851)	37,626	1,979
<b>Total governmental activities net assets</b>	<b>\$ 6,937,237</b>	<b>\$ 6,744,670</b>	<b>\$ 6,596,272</b>	<b>\$ 6,444,838</b>	<b>\$ 6,757,994</b>	<b>\$ 6,904,116</b>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	\$ 5,405	\$ 3,721	\$ 3,235	\$ 2,322	\$ 1,409	\$ 496
Restricted						
Unrestricted	5,345	3,511	(6,950)	(13,693)	2,099	3,999
<b>Total business-type activities net assets</b>	<b>\$ 10,750</b>	<b>\$ 7,232</b>	<b>\$ (3,715)</b>	<b>\$ (11,371)</b>	<b>\$ 3,508</b>	<b>\$ 4,495</b>
<b>District-wide</b>						
Invested in capital assets, net of related debt	\$ 6,789,742	\$ 6,856,472	\$ 6,765,353	\$ 6,744,741	\$ 6,689,742	\$ 6,701,956
Restricted	114,565	104,339	209,068	89,270	32,035	200,677
Unrestricted	43,680	(208,909)	(381,864)	(400,544)	39,725	5,978
<b>Total district net assets</b>	<b>\$ 6,947,987</b>	<b>\$ 6,751,902</b>	<b>\$ 6,592,557</b>	<b>\$ 6,433,467</b>	<b>\$ 6,761,502</b>	<b>\$ 6,908,611</b>

**Note:**

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only six 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 SIX FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	2004	2005	2006	2007	2008	2009
<b>Expenses</b>						
<b>Governmental Activities</b>						
<b>Instruction</b>						
Regular	\$ 5,474,587	\$ 5,521,996	\$ 5,809,031	\$ 6,571,189	\$ 6,705,625	\$ 6,577,544
Special Education	1,752,336	2,455,940	2,554,818	2,607,536	2,313,004	2,269,125
Other Instruction	83,181	70,221	69,663	83,439	80,730	67,043
School Sponsored Activities and Athletics	163,886	129,699	139,489	139,328	150,045	148,318
<b>Support Services:</b>						
Student & Instruction Related Services	1,566,051	1,817,140	2,250,544	2,428,809	2,435,868	2,558,454
General Administrative Services	762,681	557,374	548,193	491,435	537,995	518,851
School Administrative Services	833,658	654,996	721,807	836,001	961,645	968,615
Central Services/Business Services	326,534	250,832	292,896	407,181	347,440	345,639
Plant Operations and Maintenance	1,605,918	1,928,465	1,994,220	2,000,682	2,321,091	2,412,179
Pupil Transportation	554,681	773,436	826,229	1,031,136	922,126	803,849
Interest on Long-Term Debt	657,338	688,584	665,301	509,513	524,666	513,234
<b>Total Governmental Activities Expenses</b>	<u>13,780,851</u>	<u>14,848,683</u>	<u>15,872,191</u>	<u>17,106,249</u>	<u>17,300,235</u>	<u>17,182,851</u>
<b>Business-Type Activities:</b>						
Food Service	12,440	19,694	21,407	19,214	13,116	16,412
Enrichment Program			5,206	4,058		
<b>Total Business-Type Activities Expense</b>	<u>12,440</u>	<u>19,694</u>	<u>26,613</u>	<u>23,272</u>	<u>13,116</u>	<u>16,412</u>
<b>Total District Expenses</b>	<u>\$ 13,793,291</u>	<u>\$ 14,868,377</u>	<u>\$ 15,898,804</u>	<u>\$ 17,129,521</u>	<u>\$ 17,313,351</u>	<u>\$ 17,199,263</u>
<b>Program Revenues</b>						
<b>Governmental Activities:</b>						
<b>Charges for Services:</b>						
Pupil Transportation	\$ 34,870	\$ 42,363	\$ 42,853	\$ 74,708	\$ 118,587	\$ 111,531
Operating Grants and Contributions	1,851,096	2,014,423	2,201,960	2,658,388	2,704,811	2,166,551
Capital Grants and Contributions	1,802,012	65,157	90,577	-	6,500	480
<b>Total Governmental Activities Program Revenues</b>	<u>3,687,978</u>	<u>2,121,943</u>	<u>2,335,390</u>	<u>2,733,096</u>	<u>2,829,898</u>	<u>2,278,562</u>
<b>Business-type activities:</b>						
<b>Charges for Services</b>						
Food Service	8,544	8,700	8,615	8,317	7,681	9,143
Enrichment Program				855		
Operating Grants and Contributions	5,491	7,476	6,624	6,444	6,252	8,256
<b>Total Business Type Activities Program Revenues</b>	<u>14,035</u>	<u>16,176</u>	<u>15,239</u>	<u>15,616</u>	<u>13,933</u>	<u>17,399</u>
<b>Total District Program Revenues</b>	<u>\$ 3,702,013</u>	<u>\$ 2,138,119</u>	<u>\$ 2,350,629</u>	<u>\$ 2,748,712</u>	<u>\$ 2,843,831</u>	<u>\$ 2,295,961</u>
<b>Net (Expense)/Revenue</b>						
<b>Governmental Activities</b>	\$ (10,092,873)	\$ (12,726,740)	\$ (13,536,801)	\$ (14,373,153)	\$ (14,470,337)	\$ (14,904,289)
<b>Business-Type Activities</b>	1,595	(3,518)	(11,374)	(7,656)	817	987
<b>Total District-Wide Net Expense</b>	<u>\$ (10,091,278)</u>	<u>\$ (12,730,258)</u>	<u>\$ (13,548,175)</u>	<u>\$ (14,380,809)</u>	<u>\$ (14,469,520)</u>	<u>\$ (14,903,302)</u>

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

	2004	2005	2006	2007	2008	2009
<b>General Revenues and Other Changes in Net Assets</b>						
<b>Governmental Activities:</b>						
Property Taxes Levied for General Purposes, Net	\$ 10,771,768	\$ 11,307,037	\$ 12,359,375	\$ 12,813,493	\$ 13,433,441	\$ 13,822,785
Property Taxes Levied for Debt Service	782,824	1,061,420	1,055,500	1,053,365	1,054,780	1,054,628
Unrestricted Aid, Grants and Contributions	45,355	112,719	71,994	154,468	177,788	27,447
Investment Earnings	52,275	22,755	25,864	33,880	19,425	11,786
Miscellaneous Income	10,431	30,242	39,708	166,513	112,121	133,765
Transfers	-	-	-	-	(14,062)	-
<b>Total Governmental Activities</b>	<u>11,662,653</u>	<u>12,534,173</u>	<u>13,552,441</u>	<u>14,221,719</u>	<u>14,783,493</u>	<u>15,050,411</u>
<b>Business-Type Activities:</b>						
Investment Earnings	-	-	-	-	14,062	-
Transfers	-	-	-	-	14,062	-
<b>Total Business-Type Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,124</u>	<u>-</u>
<b>Total District-Wide</b>	<u>\$ 11,662,653</u>	<u>\$ 12,534,173</u>	<u>\$ 13,552,441</u>	<u>\$ 14,221,719</u>	<u>\$ 14,797,555</u>	<u>\$ 15,050,411</u>
<b>Special Items</b>						
<b>Governmental Activities:</b>						
Loss on Disposal of Assets	-	-	\$ (164,038)	-	-	-
<b>Total Governmental Activities</b>	<u>-</u>	<u>-</u>	<u>(164,038)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets</b>						
Governmental Activities	\$ 1,569,780	\$ (192,567)	\$ (148,398)	\$ (151,434)	\$ 313,156	\$ 146,122
Business-Type Activities	1,595	(3,518)	(11,374)	(7,656)	14,879	987
<b>Total District</b>	<u>\$ 1,571,375</u>	<u>\$ (196,085)</u>	<u>\$ (159,772)</u>	<u>\$ (159,090)</u>	<u>\$ 328,035</u>	<u>\$ 147,109</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 six 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 SIX FISCAL YEARS**

(Unaudited)

*(modified accrual basis of accounting)*

	2004	2005	2006	2007	2008	2009
General Fund						
Reserved	\$ 330,087	\$ 69,676	\$ 273,700	\$ 102,749	\$ 218,376	\$ 493,163
Unreserved	464,703	315,505	167,599	139,887	404,841	165,798
Total General Fund	<u>\$ 794,790</u>	<u>\$ 385,181</u>	<u>\$ 441,299</u>	<u>\$ 242,636</u>	<u>\$ 623,217</u>	<u>\$ 658,961</u>
All Other Governmental Funds						
Reserved	\$ 186,634	\$ 130,308				\$ 103,817
Unreserved	<u>(23,600)</u>	<u>(40,506)</u>	6,921	6,921	6,921	<u>(8,516)</u>
Total all other governmental funds	<u>\$ 163,034</u>	<u>\$ 89,802</u>	<u>\$ 6,921</u>	<u>\$ 6,921</u>	<u>\$ 6,921</u>	<u>\$ 95,301</u>

**Note:**

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

	2004	2005	2006	2007	2008	2009
<b>Revenues</b>						
Property Tax Levy	\$ 11,554,592	\$ 12,368,457	\$ 13,414,875	\$ 13,866,858	\$ 14,488,221	\$ 14,877,413
Transportation Fees	34,870	42,363	42,853	74,708	118,587	111,531
Interest Earnings	52,275	22,755	25,864	33,880	19,425	11,786
Miscellaneous	10,431	30,242	79,708	175,765	155,078	204,151
State Sources	3,525,231	1,982,174	2,074,304	2,524,684	2,596,142	1,871,212
Federal Sources	173,232	210,125	250,227	278,920	250,000	252,880
<b>Total Revenue</b>	<u>15,350,631</u>	<u>14,656,116</u>	<u>15,887,831</u>	<u>16,954,815</u>	<u>17,627,453</u>	<u>17,328,973</u>
<b>Expenditures</b>						
<b>Instruction</b>						
Regular Instruction	5,487,472	5,513,212	5,736,178	6,568,515	6,682,753	6,555,456
Special Education Instruction	1,798,502	2,494,494	2,532,878	2,619,972	2,312,188	2,300,513
Other instruction	83,181	70,221	69,663	83,439	80,730	67,043
School Sponsored Activities/Athletics	161,082	128,311	139,489	139,328	150,045	148,318
<b>Support Services:</b>						
Student and Inst. Related Services	1,578,352	1,844,327	2,232,447	2,417,696	2,424,803	2,541,151
General Administrative Services	688,285	537,630	621,725	499,724	521,582	512,323
School Administrative Services	810,201	641,633	690,572	777,949	925,334	931,646
Central Services/Business Services	323,466	249,263	292,790	405,815	339,488	344,484
Plant Operations and Maintenance	1,179,549	1,407,771	1,321,457	1,355,354	1,661,143	1,743,922
Pupil Transportation	602,009	728,077	762,817	967,724	865,900	762,550
Capital Outlay	9,304,105	430,206	502,537	155,500	189,189	140,813
<b>Debt Service</b>						
Principal	350,000	552,885	541,947	584,612	590,475	637,196
Interest and Other Charges	644,580	674,513	672,131	577,850	549,821	519,434
<b>Total Expenditures</b>	<u>23,010,784</u>	<u>15,272,543</u>	<u>16,116,631</u>	<u>17,153,478</u>	<u>17,293,451</u>	<u>17,204,849</u>
<b>Excess (Deficiency) of Revenues</b>						
Over (Under) Expenditures	(7,660,153)	(616,427)	(228,800)	(198,663)	334,002	124,124
<b>Other Financing sources (uses)</b>						
Capital Leases	107,045	101,062	181,986		60,641	
Premium on Notes	17,537	32,524	20,051			
Transfers In	51,808	136,308	26,024	12,753	2,794	107,526
Transfers Out	(51,808)	(136,308)	(26,024)	(12,753)	(16,856)	(107,526)
<b>Total Other Financing Sources (Uses)</b>	<u>124,582</u>	<u>133,586</u>	<u>202,037</u>	<u>-</u>	<u>46,579</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>\$ (7,535,571)</u>	<u>\$ (482,841)</u>	<u>\$ (26,763)</u>	<u>\$ (198,663)</u>	<u>\$ 380,581</u>	<u>\$ 124,124</u>
<b>Debt Service as a Percentage of</b>						
Noncapital Expenditures	7.26%	8.27%	7.78%	6.84%	6.67%	6.78%

\* Noncapital expenditures are total expenditures less capital outlay.

**Note:**

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**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	Insurance Refunds	Prior Year Orders Canceled	Cancel Old Outstanding Checks	Facility Use	E-Rate	Miscellaneous	Total
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		262,348
2008	16,631		118,587	44,356			1,125	\$ 30,989	14,107	21,544	247,339
2009	11,478		111,531	40,923	14,304			38,357	15,298	24,883	256,774

FLORIAN 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*
2000	\$ 49,020,400	\$ 774,877,800		\$ 119,800	\$ 471,038,700	\$ 156,398,600		\$ 1,451,455,200	\$ 3,874,523	\$ 1,455,329,823	\$ 1,663,221,989	0.59
2001	39,558,800	783,740,700		119,800	476,053,400	156,135,600	\$ 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	1,549,923,900	3,803,713	1,553,727,613	2,190,776,583	0.63
2003	29,406,600	794,442,000		119,800	516,463,200	153,875,200	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	1,586,480,000	2,706,314	1,589,186,314	2,843,114,880	0.80
2006	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	3,158,254,479	0.43
2008	64,246,500	1,989,080,900	716,800	119,800	917,460,600	178,344,300	159,770,700	3,309,799,600	4,687,591	3,314,427,191	3,278,877,905	0.44
2009	126,647,500	2,011,843,600	748,300	119,800	912,417,600	108,971,400	153,215,500	3,313,963,700	4,947,120	3,318,910,820	3,236,762,545	0.45

Source: County Abstract of Rates

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	
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
2008	0.44	0.20	0.33	0.22	1.19
2009	0.45	0.20	0.33	0.21	1.19

Source: County Abstract of Ratables

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

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

Taxpayer	2009 (A)		2000	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
KBS11 300-600 Campus Drive LLC	\$ 108,017,200	3.25%	\$ 77,247,400	5.31%
KBSII 100-200 Campus Drive LLC	73,000,900	2.20%		
Wells Reit II	69,600,000	2.09%		
Avalonbay Cuuming	65,369,900	1.97%		
Rock - GW LLC	63,200,700	1.90%		
Sun Valley Plaza LLC	46,245,600	1.39%		
LH Florham Holding	43,000,000	1.30%		
KBSII 100-200 Campus Drive LLC	37,283,200	1.12%		
Advance At Park Place LLC	34,865,300	1.05%		
Wells Reit II	31,436,900	0.95%		
Park Ave Realty			75,663,100	5.20%
Exxon Research & Engineering Company			75,253,200	5.17%
Rock Florham LLC			51,368,000	3.53%
Kull Bran			36,417,900	2.50%
Dolce/Aew Properties			28,944,400	1.99%
Exxon Corporation			26,168,600	1.80%
Prudential Ins. Co.			19,200,000	1.32%
ASCO Value Manufacturing			17,500,000	1.20%
500 Columbia Tpke. Assoc.			17,165,500	1.18%
	<u>\$ 572,019,700</u>	<u>17.22%</u>	<u>\$ 424,928,100</u>	<u>29.20%</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	
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%	-
2008	14,488,221	14,488,221	100%	-
2009	14,877,413	14,877,413	100%	-

**FLORHAM PARK BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST FIVE 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	\$	12,475	1,287	
2006	12,460,000	337,765	2,607,404	15,405,169		12,434	1,239	
2007	11,975,000	238,153	568,093	12,781,246		12,354	1,030	
2008	11,460,000	223,319	-	11,683,319		12,389	942	
2009	10,915,000	131,123	-	11,046,123		12,389 (E)	892	

(E) - Estimate

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 five 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			
2000	\$ 3,715,000		\$ 3,715,000	0.26	\$ 348
2001	3,420,000		3,420,000	0.23	280
2002	3,100,000		3,100,000	0.20	254
2003	13,710,000		13,710,000	0.86	1,099
2004	13,360,000		13,360,000	0.84	1,070
2005	12,920,000		12,920,000	0.81	1,033
2006	12,460,000		12,460,000	0.38	999
2007	11,975,000		11,975,000	0.36	965
2008	11,460,000		11,460,000	0.35	924
2009	10,915,000		10,915,000	0.33	881

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, 2008  
(Unaudited)**

	<u><b>Total Debt</b></u>
Municipal Debt: (1)	
Florham Park Board of Education (as of June 30, 2009)	\$ 10,915,000
Regional High School - Florham Park's Share	8,508,392
Borough of Florham Park	<u>26,699,276</u>
	<u>46,122,668</u>
Overlapping Debt Apportioned to the Municipality:	
Morris County: (2)	
County of Morris (A)	<u>8,261,543</u>
	<u>8,261,543</u>
 Total Direct and Overlapping Debt	 <u><u>\$ 54,384,211</u></u>

Source:

- (1) Borough of Florham Park's 2008 Annual Debt Statement
- (2) Morris County's 2008 Annual Debt Statement
- (A) The debt for this entity was apportioned by dividing the municipality's 2008 equalized value by the total 2008 equalized value for Morris County.

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

Legal Debt Margin Calculation for Fiscal Year 2009

	Equalized valuation basis			
	2006	2007	2008	
	3,105,349,878	3,275,219,850	3,329,717,907	
	<u>\$ 9,710,287,635</u>			
Average equalized valuation of taxable property	<u>\$ 3,236,762,545</u>			
Debt limit (3 % of average equalization value)	\$ 97,102,876			
Total Net Debt Applicable to Limit	<u>10,915,000</u>			
Legal debt margin	<u>\$ 86,187,876</u>			

Fiscal Year

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 44,808,360	\$ 48,102,856	\$ 53,834,232	\$ 60,906,981	\$ 69,339,944	\$ 77,455,093	\$ 83,824,516	\$ 88,757,608	\$ 93,239,463	\$ 97,102,876
Total net debt applicable to limit	<u>3,715,000</u>	<u>3,420,000</u>	<u>16,953,329</u>	<u>16,608,762</u>	<u>16,258,762</u>	<u>15,527,404</u>	<u>13,028,094</u>	<u>11,975,000</u>	<u>11,460,000</u>	<u>10,915,000</u>
Legal debt margin	<u>\$ 41,093,360</u>	<u>\$ 44,682,856</u>	<u>\$ 36,880,903</u>	<u>\$ 44,298,219</u>	<u>\$ 53,081,182</u>	<u>\$ 61,927,689</u>	<u>\$ 70,796,422</u>	<u>\$ 76,782,608</u>	<u>\$ 81,779,463</u>	<u>\$ 86,187,876</u>
Total net debt applicable to the limit as a percentage of debt limit	8.29%	7.11%	31.49%	27.27%	23.45%	20.05%	15.54%	13.49%	12.29%	11.24%

Source: Annual Debt Statements

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

Borough of Florham Park

<u>Fiscal Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2000	10,690	\$ 56,177	2.3%
2001	12,208	56,586	2.9%
2002	12,205	56,068	4.4%
2003	12,449	56,532	4.5%
2004	12,449	60,989	3.6%
2005	12,475	63,412	2.8%
2006	12,434	67,788	2.7%
2007	12,354	71,713	2.4%
2008	12,389	N/A	3.2%
2009	12,389 (E)	N/A	N/A

N/A - Not Available

(E) - Estimate

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>2009</u>		<u>2000</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 FIVE FISCAL YEARS**  
**(Unaudited)**

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Instruction	97.5	97.3	104.2	104.5	105.5
Support Services					
Student and Instruction Related Services	22.0	23.5	23.6	23.6	24.6
General Administration	3.0	2.2	2.2	2.2	2.2
School Administrative Services	6.0	6.0	6.0	7.0	7.0
Central Services	3.0	3.0	3.0	2.8	2.8
Plant Operations and Maintenance	12.0	10.4	10.4	10.7	10.7
Pupil Transportation	5.5	6.4	12.0	12.5	13.5
Total	<u>149.0</u>	<u>148.8</u>	<u>161.4</u>	<u>163.3</u>	<u>166.3</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 five 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	Teacher/Student Ratio										
	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Elementary	Middle School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2000	749	\$ 9,050,791	\$ 12,084	-1.74%	62	1:12	1:9	749	716	0.27%	95.59%
2001	779	9,824,704	12,612	4.37%	75	1:10	1:9	779	746	4.01%	95.76%
2002	838	9,709,330	11,586	-8.13%	82	1:10	1:9	838	804	7.57%	95.94%
2003	928	11,464,665	12,354	6.63%	81	1:12	1:12	928	889	10.74%	95.80%
2004	931	12,712,099	13,654	10.52%	81	1:12	1:12	931	895	0.32%	96.13%
2005	965	13,614,939	14,109	3.33%	81	1:12	1:12	965	919	3.65%	95.23%
2006	1,007	14,400,016	14,300	1.35%	81	1:12	1:12	993	950	2.90%	95.67%
2007	1,011	15,835,516	15,663	9.53%	82	1:12	1:12	998	960	0.50%	96.19%
2008	1,051	15,963,966	15,189	-3.03%	85	1:12	1:12	1,030	987	3.21%	95.83%
2009	1,047	15,907,406	15,193	0.03%	87	1:12	1:12	1,028	981	-0.19%	95.43%

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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>District Building</b>										
<b>Elementary</b>										
<b>Brooklake</b>										
Square Feet	36,700	36,700	36,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700
Enrollment						339	335	350	350	350
<b>Briarwood</b>										
Square Feet	37,100	37,100	37,100	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Enrollment						340	343	361	350	350
<b>Middle School</b>										
<b>Ridgedale</b>										
Square Feet	55,100	55,100	55,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100
Enrollment						314	320	343	320	343

Number of Schools at June 30, 2009

- Elementary = 2
- Middle School = 1
- 3

Source: District Records

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

<b>Undistributed Expenditures - Required Maintenance for School Facilities 11-000-261-xxx</b>		<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>School Facilities</u>	<u>Project Nos.</u>									
Brooklake Elementary School	N/A	\$ 110,290	\$ 105,761	\$ 43,042	\$ 55,165	\$ 79,746	\$ 85,752	\$ 79,347	\$ 87,876	\$ 80,795
Briarwood Elementary School	N/A	109,141	104,660	49,198	33,869	60,084	91,908	85,043	85,300	113,747
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>	<u>131,398</u>	<u>135,037</u>
<b>Total School Facilities</b>		<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>	<u>\$ 304,574</u>	<u>\$ 329,579</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, 2009  
(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	
Commercial Liability - Bodily Injury/Property Damage	6,000,000	
Comprehensive General Liability	1,000,000	1,000
Workers Compensation	2,000,000	
School Leaders Errors and Omissions	6,000,000	5,000
Automobile	1,000,000	1,000
Public Employee Dishonesty	1,000,000	1,000
Theft Disappearance and Destruction	25,000	500
Computer Fraud	50,000	500
Forgery or Alteration	1,000,000	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

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RALPH M. PICONE, CPA, RMA, PSA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Florham Park Board of Education as of and for the fiscal year ended June 30, 2009, which collectively comprise the Florham Park Board of Education's basic financial statements and have issued our report thereon dated September 18, 2009. 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.

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 accounting principles generally accepted in the United States of America 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.

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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

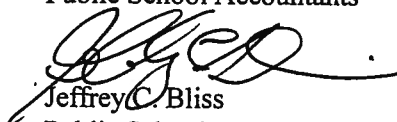
**Compliance and Other Matters**

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

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 18, 2009.

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

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

  
Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
September 18, 2009

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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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, 2009. 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, 2009.

### 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.

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.

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.

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

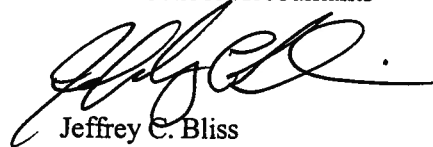
This report is intended solely for the information and use of the Board of Trustees, management, the New Jersey State Department of Education and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*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 18, 2009



**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2008	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	June 30, 2009 (Account Receivable)	June 30, 2009 Deferred Revenue	Due to Grantor at June 30, 2009
<b>U.S. Department of Agriculture Passed-through State Department of Education</b>											
10.556	N/A	7/1/08-6/30/09	\$ 8,256	\$ (369)	-	\$ 6,616	\$ 8,256	-	\$ (1,640)	-	-
10.556	N/A	7/1/07-6/30/08	6,252			369					
<b>Total U.S. Department of Agriculture</b>											
<b>U.S. Department of Education Passed-through State Department of Education</b>											
84.281A	NCLB153008	9/1/08-8/31/09	22,108		\$ 4,800		19,929		\$ (22,108)	\$ 6,979	
84.281A	NCLB153008	9/1/07-8/31/08	27,148	4,800	(4,800)						
84.365	NCLB153004	9/1/08-8/31/09	1,878				1,872		(1,878)	6	\$ 285
84.365	NCLB153004	9/1/03-8/31/04	1,353	285							
84.186A	NCLB153008	9/1/08-8/31/09	8,392		606		7,766		(8,392)	1,232	
84.186A	NCLB153008	9/1/07-8/31/08	2,232	606	(606)						
84.298	NCLB153008	9/1/07-8/31/08	4,534	256						256	1,600
84.298	NCLB153007	9/1/06-8/31/07	1,600	1,600							101
84.027A	NCLB153004	9/1/03-8/31/04	4,506	101							
84.027A	FT-1530-08	9/1/08-8/31/09	215,599		545		214,796		(215,599)	1,348	
84.027A	FT-1530-08	9/1/07-8/31/08	207,617	545	(545)						
84.027A	PS-1530-08	9/1/08-8/31/09	8,597				8,517		(8,597)	80	427
84.027A	PS-1530-05	9/1/04-8/31/05	8,108	427							
<b>Total U.S. Department of Education</b>											
<b>Total</b>											
<b>\$ 8,251 \$ - \$ 6,985 \$ 261,136 \$ - \$ (258,214) \$ 9,901 \$ 2,413</b>											

See Accompanying Notes to Schedule of Expenditures of Federal Awards

FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

State Grantor/Program Title State Department of Education	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2008	Carryover Amount	Cash Received	Budgetary Expenditures	Cancelled	Repayment of Prior Years' Balances	(Accounts Receivable)	June 30, 2009 Deferred Revenue	Due to Grantor	MEMO	
													GAAP Receivable	Combined Total Expenditures
Special Education Categorical Aid	09-495-034-5120-089	7/1/08-6/30/09	\$ 597,477			\$ 550,790	\$ 597,477			\$ (46,687)			\$	\$ 597,477
Special Education Aid	08-495-034-5120-011	7/1/07-6/30/08	627,845	\$ (26,526)		26,526								
Transportation Aid	09-495-034-5120-014	7/1/08-6/30/09	145,706			134,320	145,706			(11,386)				145,706
Transportation Aid	08-495-034-5120-014	7/1/07-6/30/08	62,536	(2,642)		2,642								
Security Aid	09-495-034-5120-084	7/1/08-6/30/09	29,579			21,437	29,579			(6,142)				29,579
Bilingual Education Aid	08-495-034-5120-088	7/1/07-6/30/08	3,428	(145)		145								
Consolidated Aid	08-495-034-5120-057	7/1/07-6/30/08	47,307	(1,999)		1,999								
Additional Formula Aid	08-495-034-5120-058	7/1/07-6/30/08	47,618	(2,011)		2,011								
Additional Non Public Transportation Aid	N/A	7/1/08-6/30/09	13,793				13,793			(13,793)			\$ (13,793)	13,793
Additional Non Public Transportation Coats Aid	N/A	7/1/08-6/30/09	14,359	(14,359)										
Extraordinary Special Education Coats Aid	09-495-034-5120-473	7/1/08-6/30/09	222,758				222,758			(222,758)				222,758
Extraordinary Special Education Coats Aid	08-495-034-5120-473	7/1/07-6/30/08	77,350	(77,350)		77,350								
TPAF Social Security Contributions	09-495-034-5095-002	7/1/08-6/30/09	528,735			502,896	528,735			(25,839)			(25,839)	528,735
TPAF Social Security Contributions	08-495-034-5095-002	7/1/07-6/30/08	517,149	(47,927)		47,927								
TPAF Social Security Contributions	07-495-034-5095-002	7/1/06-6/30/07	493,614	(2,574)				2,574						
TPAF Pension Contribution-Normal Cost	09-100-034-5095-006	7/1/08-6/30/09	22,698			22,698								22,698
TPAF Pension-Post Retirement Medical	09-100-034-5095-001	7/1/08-6/30/09	433,029			433,029	433,029							433,029
<b>Total General Fund</b>				(175,533)		1,840,129	1,993,775	2,574		(326,605)			(39,632)	1,993,775
<b>Special Revenue Fund:</b>														
New Jersey Nonpublic Aid														
Auxiliary Services														
Compensatory Education	09-100-034-5120-067	7/1/08-6/30/09	13,935			13,935	4,081		\$ 5,273			\$ 9,854		4,081
Compensatory Education	08-100-034-5120-067	7/1/07-6/30/08	15,727	5,273										
ESL	09-100-034-5120-067	7/1/08-6/30/09	1,015			1,015	1,015							1,015
Handicapped Services														
Connective Speech	09-100-034-5120-066	7/1/08-6/30/09	5,580			5,580	3,441					2,139		3,441
Connective Speech	08-100-034-5120-066	7/1/07-6/30/08	4,650	3,348				3,348						
Examination and Classification	09-100-034-5120-066	7/1/08-6/30/09	13,269			13,269	4,932					8,337		4,932
Examination and Classification	08-100-034-5120-066	7/1/07-6/30/08	14,790	3,607				3,607						
Supplemental Instruction	09-100-034-5120-066	7/1/08-6/30/09	9,086			9,086	5,782					3,304		5,782
Supplemental Instruction	08-100-034-5120-066	7/1/07-6/30/08	15,529	8,178				8,178						
Nursing	09-100-034-5120-070	7/1/08-6/30/09	15,054			15,054	15,054							15,054
Textbooks	09-100-034-5120-064	7/1/08-6/30/09	11,152			11,152	11,152							11,152
Technology Initiative Aid	09-100-034-5120-373	7/1/08-6/30/09	7,800			7,800	7,800							7,800
<b>Total Special Revenue Fund</b>				20,406		76,891	53,257		20,406			23,634		53,257
<b>School Development Authority</b>														
Capital Projects Fund:														
Educational Facilities Construction														
and Financing Act of 2000														
Briarwood M.P. Room	SP1530-015-04-0AFS	N/A	61,741	(57,343)		55,583	2,240	1,760		(65,988)	\$ 63,748		(65,988)	2,240
Ridgedale MS Roof	SP1530-030-09-1001	N/A	65,988											
<b>Total Economic Development Authority</b>				(57,343)		55,583	2,240	1,760		(65,988)	63,748		(65,988)	2,240
<b>Total State Financial Assistance</b>				(212,470)		1,972,603	2,049,272	4,334	20,406	(392,593)	63,748	23,634	(105,620)	2,049,272
<b>State Financial Assistance</b>														
Not Subject to Single Audit Determination														
General Fund														
TPAF Pension Contributions - Normal Cost	09-100-034-5095-006	7/1/08-6/30/09	22,698			(22,698)	(22,698)							(22,698)
TPAF Post Retirement Medical Contributions	09-100-034-5095-001	7/1/08-6/30/09	433,029			(433,029)	(433,029)							(433,029)
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				(212,470)		\$ 1,516,876	\$ 1,593,545	4,334	\$ 20,406	(392,593)	\$ 63,748	\$ 23,634	(105,620)	\$ 1,593,545

**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, 2009**

**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 NJSA 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the deferred state aid payments, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$176,300 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		\$ 1,817,475	\$ 1,817,475
Special Revenue Fund	\$ 252,880	53,257	306,137
Capital Projects Fund		480	480
Food Service Fund	<u>8,256</u>	<u>-</u>	<u>8,256</u>
Total Financial Assistance	<u>\$ 261,136</u>	<u>\$ 1,871,212</u>	<u>\$ 2,132,348</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, 2009**

**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 \$528,735 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, 2009. The amount reported as TPAF Pension contributions of \$22,698 and TPAF Post-Retirement Medical Contributions in the amount of \$433,029 represent the amount paid by the State on behalf of the district for the year ended June 30, 2009.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued on financial statements

Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified

\_\_\_ yes      X no

2) Significant deficiency identified that are not considered to be material weakness(es)?

\_\_\_ yes      X none reported

Noncompliance material to the basic financial statements noted?

\_\_\_ yes      X no

**Federal Awards Section**      Not Applicable

FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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)? \_\_\_\_\_ yes       X  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? \_\_\_\_\_ yes       X  no

Identification of major state programs:

GMIS Number(s)	Name of State Program
09-495-034-5120-089	Special Education Aid
09-495-034-5120-084	Security Aid
09-495-034-5095-002	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, 2009**

***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*.

THERE ARE NONE.

FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

*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, 2009**

*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**

There are none.

**FLORHAM PARK BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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 2008-1**

**Condition**

Our audit revealed certain travel expense procedures and policies which were not in accordance with the State travel expense guidelines.

**Current Status**

Corrective action was taken.