

FLORHAM PARK BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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, 2010

Prepared by

Business Office

**FLORHAM PARK BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-iv
Organizational Chart	v
Roster of Officials	vi
Consultants and Advisors	vii

FINANCIAL SECTION

Independent Auditors' Report	1-2
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	3-13
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Assets	14
A-2 Statement of Activities	15

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	16
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	17
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances With the District-Wide Statements	18

Proprietary Funds

B-4 Statement of Net Assets	19
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Assets	20
B-6 Statement of Cash Flows	21

Fiduciary Funds

B-7 Statement of Fiduciary Net Assets	22
B-8 Statement of Changes in Fiduciary Net Assets	23

Notes to the Basic Financial Statements	24-45
--	--------------

**FLORHAM PARK BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	46-51
C-2	Budgetary Comparison Schedule – General Revenue Fund	52
C-3	Required Supplementary Information – Budgetary Comparison Schedule – Notes to the Required Supplementary Information	53

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	54-56
E-2	Schedule of Preschool Education Program Aid Expenditures – Budgetary Basis – Not Applicable	57

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures – Budgetary Basis	58
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	59
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis – Briarwood Multi-Purpose Room	60

G. Proprietary Funds

Enterprise Fund

G-1	Combining Statement of Net Assets	61
G-2	Combining Statement of Revenues, Expenses and Changes in Net Assets	61
G-3	Combining Statement of Cash Flows	61

**FLORHAM PARK BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

H. Fiduciary Funds

H-1	Combining Statement of Net Assets	62
H-2	Combining Statement of Changes in Net Assets – Not Applicable	63
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	63
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	64

I. Long-Term Debt

I-1	Schedule of Serial Bonds	65
I-2	Schedule of Obligations under Capital Leases	66
I-3	Debt Service Fund Budgetary Comparison Schedule	67

J. STATISTICAL SECTION (Unaudited)

J-1	Net Assets by Component	68
J-2	Changes in Net Assets	69-70
J-3	Fund Balances – Governmental Funds	71
J-4	Changes in Fund Balances – Governmental Funds	72
J-5	General Fund Other Local Revenue by Source	73
J-6	Assessed Value and Actual Value of Taxable Property	74
J-7	Direct and Overlapping Property Tax Rates	75
J-8	Principal Property Taxpayers	76
J-9	Property Tax Levies and Collections	77
J-10	Ratios of Outstanding Debt by Type	78
J-11	Ratios of Net General Bonded Debt Outstanding	79
J-12	Direct and Overlapping Governmental Activities Debt	80
J-13	Legal Debt Margin Information	81
J-14	Demographic and Economic Statistics	82
J-15	Principal Employers	83
J-16	Full-Time Equivalent District Employees by Function/Program	84
J-17	Operating Statistics	85
J-18	School Building Information	86
J-19	Schedule of Required Maintenance for School Facilities	87
J-20	Insurance Schedule	88

**FLORHAM PARK BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

SINGLE AUDIT SECTION

K-1	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	89-90
K-2	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 Letter 04-04	91-92
K-3	Schedule of Expenditure of Federal Awards	93
K-4	Schedule of Expenditures of State Financial Assistance	94
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	95-96
K-6	Schedule of Findings and Questioned Costs	97-102
K-7	Summary Schedule of Prior Year Findings	103

INTRODUCTORY SECTION



Florham Park Public Schools

ADMINISTRATIVE OFFICES

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

973-822-3880

FAX: 973-822-0867

WILLIAM RONZITTI, Ph.D.
Superintendent of Schools

October 22, 2010

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, 2010 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the respective changes in financial position of the basic financial statements. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

1. REPORTING ENTITY AND ITS SERVICES

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular and special education for handicapped youngsters. The District completed FY 2009/2010 with an average daily enrollment of 1,041. 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>
2009/10	1,037	0.88%
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%

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 1.5% 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 2009/2010 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, 2010.

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, 2010 the District had \$10,425,000 in General Obligation Bonds outstanding. The proceeds of these bonds were used to provide funds for capital improvements to the District's buildings and grounds. These improvements include additions and various renovations in all three (3)-school buildings.

8. CASH MANAGEMENT

The investment policy of the District is guided in large part by State statute as detailed in "Notes to Financial Statements", Note #3. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). "GUDPA" was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT

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

10. OTHER INFORMATION

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

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

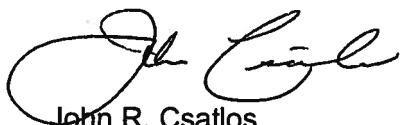
11. ACKNOWLEDGEMENTS

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

Respectfully submitted,

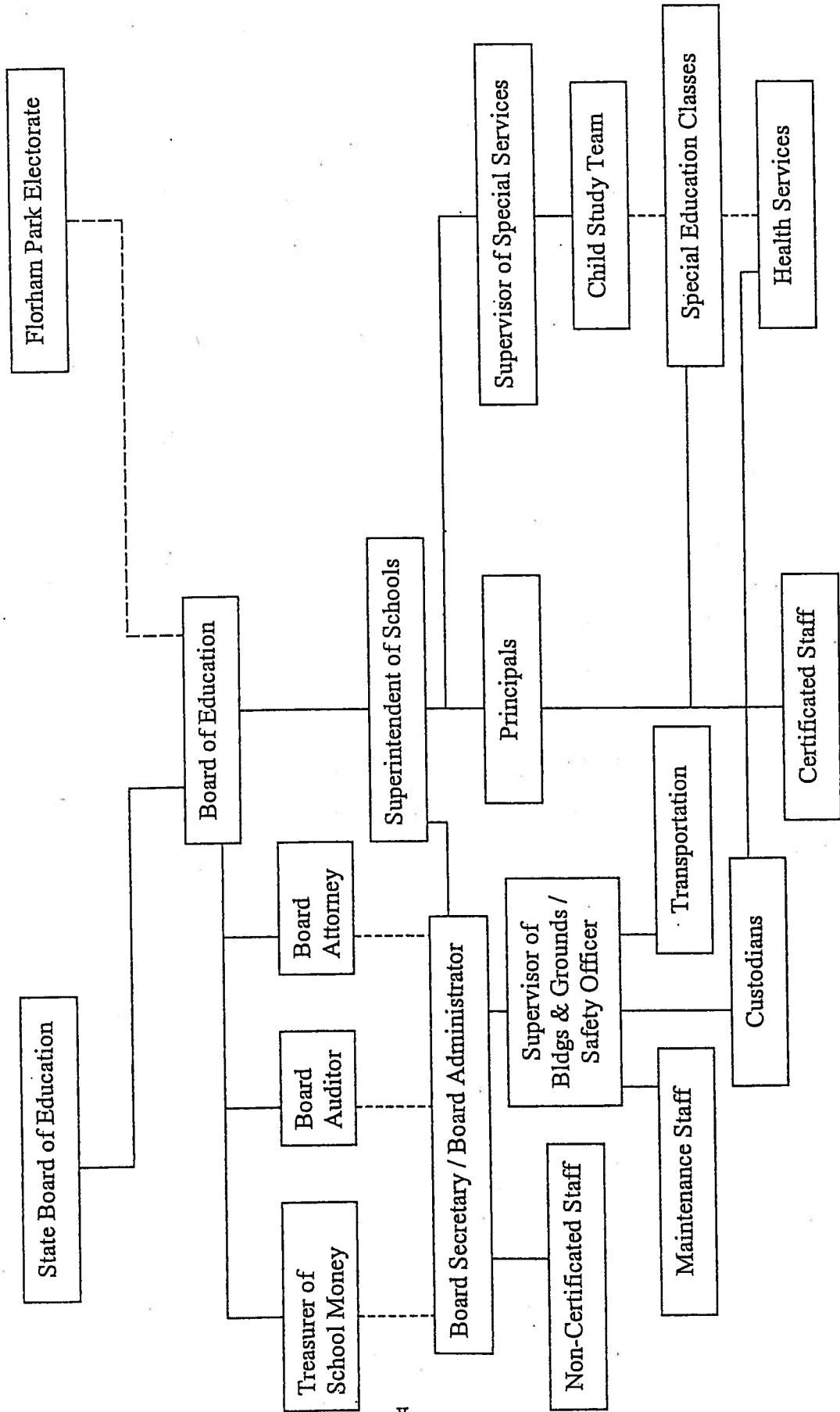


William Ronzitti, Ph.D.
Superintendent of Schools



John R. 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, 2010

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kevin DeCoursey, President	2013
Dr. John Carollo, Vice President	2013
Patrick Montuore	2011
Joanne Greene Tobias	2011
John Gaffney	2012
Linda Michalowski	2012
Marianne Haynes	2013

Other Officials

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

FLORHAM PARK BOARD OF EDUCATION

FLORHAM PARK, NEW JERSEY

CONSULTANTS AND ADVISORS

ATTORNEY

Mathew J. Giacobbe, Esq.
Scarinci & Hollenbeck, LLC
1100 Valley Brook Avenue
Lyndhurst, New Jersey 07071

AUDIT FIRM

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

ARCHITECTS

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

OFFICIAL DEPOSITORY

TD Bank
Florham Park, New Jersey 07932

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH 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, 2010, 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2010 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 accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2010

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, 2010. 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 (2009-2010) and the prior year (2008-2009) is required to be presented in the MD&A

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2009-2010 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 \$7,069,983. (Net Assets)
- The District's total net assets increased by \$161,372.
- Overall District revenues were \$18,272,801. General revenues accounted for \$15,479,996 or 85% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,792,805 or 15% of total revenues.
- The school district had \$18,096,868 in expenses for governmental activities; only \$2,777,625 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$15,479,996 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 \$733,896. Of this amount, \$89,672 (12%) is available for spending at the District's discretion (unreserved/undesignated fund balance – General Fund).
- The General Fund fund balance at June 30, 2010 was \$653,107, a decrease of \$5,854 compared to the ending fund balance at June 30, 2009 of \$658,961.
- The General Fund unreserved/undesignated budgetary fund balance at June 30, 2010 was \$386,681, which represents an increase of \$58,910 compared to the ending unreserved/undesignated budgetary fund balance at June 30, 2009 of \$327,771.

FLORHAM PARK BOARD OF EDUCATION

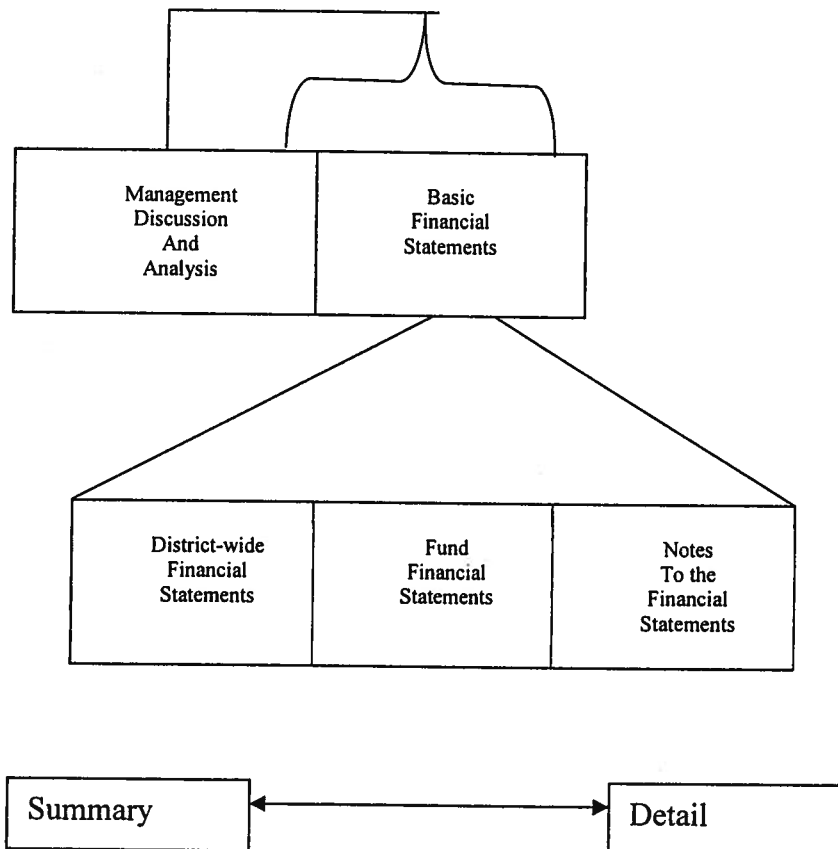
Management's Discussion and Analysis Year Ended June 30, 2010

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, 2010

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 there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long funds do not currently contain capital assets, although they can
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

District-wide Statements

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

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

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2010

- 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, 2010

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 \$7,069,983 and \$6,908,611 on June 30, 2010 and 2009, respectively as follows:

Net Assets
As of June 30, 2010 and 2009

	Governmental Activities		Business- Type Activities		Total	
	2010	2009	2010	2009	2010	2009
	Current Assets	\$ 917,331	\$ 942,586	\$ 780	\$ 3,999	\$ 918,111
Capital Assets	17,245,363	17,747,583	4,334	496	17,249,697	17,748,079
Total Assets	18,162,694	18,690,169	5,114	4,495	18,167,808	18,694,664
Long-Term Liabilities	10,823,646	11,377,083			10,823,646	11,377,083
Other Liabilities	274,179	408,970	-	-	274,179	408,970
Total Liabilities	11,097,825	11,786,053	-	-	11,097,825	11,786,053
Net Assets						
Invested in Capital Assets, net of related debt	6,864,045	6,701,460	4,334	496	6,868,379	6,701,956
Restricted	225,326	200,677			225,326	200,677
Unrestricted	(24,502)	1,979	780	3,999	(23,722)	5,978
Total Net Assets	\$ 7,064,869	\$ 6,904,116	\$ 5,114	\$ 4,495	\$ 7,069,983	\$ 6,908,611

By far the largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's total net assets of \$7,069,983 at June 30, 2010 represent a \$161,372, or 2%, increase from the prior year. The following presents the changes in net assets for the years ended June 30, 2010 and 2009.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2010

Change in Net Assets For The Years Ended June 30, 2010 and 2009

Revenues	Governmental Activities		Business- Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program Revenues						
Charges for Services	\$ 194,563	\$ 111,531	\$ 8,226	\$ 9,143	\$ 202,789	\$ 120,674
Operating Grants and Contributions	2,530,036	2,189,988	6,954	8,256	2,536,990	2,198,244
Capital Grants and Contributions	53,026	480			53,026	480
General Revenues						
Property Taxes	15,331,910	14,877,413			15,331,910	14,877,413
State Aid - Unrestricted		4,010			-	4,010
Other	148,086	145,551	-	-	148,086	145,551
Total Revenues	18,257,621	17,328,973	15,180	17,399	18,272,801	17,346,372
Expenses						
Instruction						
Regular	6,860,495	6,577,544			6,860,495	6,577,544
Special Education	2,702,625	2,269,125			2,702,625	2,269,125
Other Instruction	108,418	67,043			108,418	67,043
School Sponsored Activities and Athletics	148,955	148,318			148,955	148,318
Support Services						
Student and Instruction Related Services	2,659,787	2,558,454			2,659,787	2,558,454
General Administrative Services	574,800	518,851			574,800	518,851
School Administrative Services	1,081,152	968,615			1,081,152	968,615
Central Services	338,009	345,639			338,009	345,639
Plant Operations and Maintenance	2,446,176	2,412,179			2,446,176	2,412,179
Pupil Transportation	804,200	803,849			804,200	803,849
Interest on Debt	372,251	513,234			372,251	513,234
Food Services	-	-	14,561	16,412	14,561	16,412
Total Expenses	18,096,868	17,182,851	14,561	16,412	18,111,429	17,199,263
Increase in Net Assets	160,753	146,122	619	987	161,372	147,109
Net Assets, Beginning of Year	6,904,116	6,757,994	4,495	3,508	6,908,611	6,761,502
Net Assets, End of Year	\$ 7,064,869	\$ 6,904,116	\$ 5,114	\$ 4,495	\$ 7,069,983	\$ 6,908,611

FLORHAM PARK BOARD OF EDUCATION

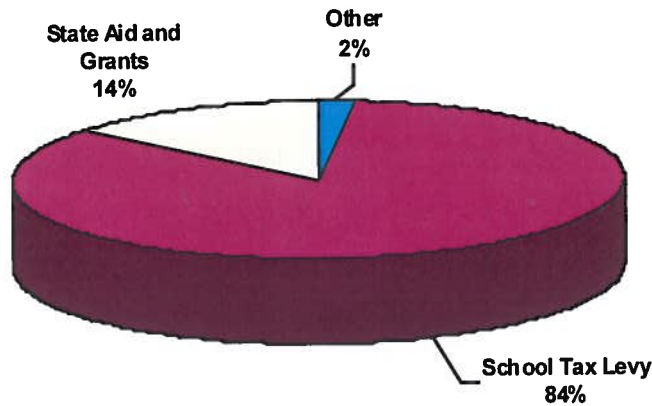
Management's Discussion and Analysis Year Ended June 30, 2010

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$18,257,621 for the year ended June 30, 2010, property taxes of \$15,331,910 represented 84% of revenues. Another significant portion of revenues came from unrestricted State aid, grants and contributions which totaled \$2,583,062 and represented 14% of revenues. In addition, charges for services from transportation fees and tuition and general revenue from miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 2% of revenues.

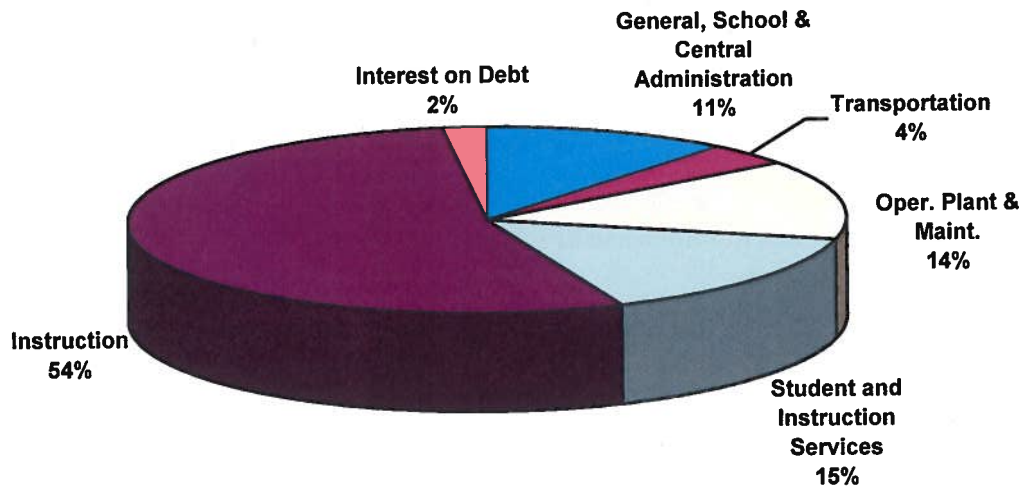
The total cost of all governmental activities programs and services was \$18,096,868. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$9,820,493 (54%) of total expenses. Student support services, total \$7,904,124 (44%) of total expenses and interest on debt totaled \$372,251 (2%) of total expenses.

Total governmental activities revenues exceeded expenses increasing net assets by \$160,753 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2010



Expenses by Use – Governmental Activities
For Fiscal Year 2010



FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Year Ended June 30, 2010

Net Cost of Governmental Activities. The District's total cost of services was \$18,096,868. After applying program revenues, derived from operating and capital grants and contributions of \$2,583,062, and charges for services of \$194,563, the net cost of services of the District is \$15,319,243.

**Net Cost of Governmental Activities
For the Years Ended June 30, 2010 and 2009**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Instruction				
Regular	\$ 6,860,495	\$ 6,577,544	\$ 6,127,685	\$ 5,897,183
Special Education	2,702,625	2,269,125	1,397,095	1,288,440
Other Instruction	108,418	67,043	44,929	42,851
School Sponsored Activities and Athletics	148,955	148,318	148,955	148,318
Support Services				
Student and Instruction Related Services	2,659,787	2,558,454	2,426,816	2,311,731
General Administrative Services	574,800	518,851	574,800	518,851
School Administrative Services	1,081,152	968,615	1,005,497	901,495
Central Services	338,009	345,639	319,429	328,924
Plant Operations and Maintenance	2,446,176	2,412,179	2,340,177	2,388,262
Pupil Transportation	804,200	803,849	561,609	541,563
Interest on Debt	372,251	513,234	372,251	513,234
Total	<u>\$ 18,096,868</u>	<u>\$ 17,182,851</u>	<u>\$ 15,319,243</u>	<u>\$ 14,880,852</u>

Business-Type Activities – The District's total business-type activities revenues were \$15,180 for the year ended June 30, 2010. Charges for services accounted for 54% of total revenues. Operating grants and contributions accounted for 46% of total revenue for the year.

Total cost of all business-type activities programs and services was \$14,561 for the year ended June 30, 2010.

There were no transfers from governmental activities during the year.

Total business-type activities revenues surpassed expenses, increasing net assets by \$619 from the previous year.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Year Ended June 30, 2010

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 \$733,896, a decrease of \$20,366 from last year's fund balance of \$754,262. This decrease was attributable to a reduction in State aid made during the year from amounts originally anticipated in the 2009/2010 budget.

Revenues for the District's governmental funds were \$18,257,621, while total expenses were \$19,042,020.

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, 2010</u>	Year Ended <u>June 30, 2009</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Taxes	\$ 14,278,900	\$ 13,822,785	\$ 456,115	3%
Other	342,446	256,774	85,672	33%
State Sources	<u>1,989,888</u>	<u>1,817,475</u>	<u>172,413</u>	9%
 Total General Fund Revenues	 <u>\$ 16,611,234</u>	 <u>\$ 15,897,034</u>	 <u>\$ 714,200</u>	 4%

Total General Fund revenues increased \$714,200 from the previous year. Property taxes increased \$456,115 or 3%. Although State categorical aid decreased for the year increases in State aid related to extraordinary aid and on-behalf pension and post-retirement medical contributions resulting in an overall increase in State aid of \$172,413 for the current year. 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, 2010</u>	Year Ended <u>June 30, 2009</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 9,295,033	\$ 8,767,155	\$ 527,878	6%
Support Services	7,068,167	6,763,728	304,439	5%
Debt Service	100,955	102,002	(1,047)	(1)%
Capital Outlay	<u>172,296</u>	<u>131,813</u>	<u>40,483</u>	31%
 Total Expenditures	 <u>\$ 16,636,451</u>	 <u>\$ 15,764,698</u>	 <u>\$ 871,753</u>	 6%

Total General Fund expenditures increased \$871,753 or 6% from the previous year. Notable increases during the year were attributed to increases in contractual salary requirements, employee benefits and special education tuition costs.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2010

GENERAL FUND (Continued)

In 2009-2010 General Fund expenditures were greater than revenues and other financing sources by \$5,854. Therefore, total fund balance decreased to \$653,107 at June 30, 2010. However, after deducting statutory reserves and designations, the unreserved undesignated fund balance increase from \$40,798 at June 30, 2009 to \$89,672 at June 30, 2010. In addition, the District designated \$224,575 from reserved and unreserved fund balance at year end for use in the subsequent school year's budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2010, the District had \$17,245,363 invested in land, buildings, furniture, equipment and vehicles for governmental activities. The following is a comparison of the June 30, 2010 and 2009 balances:

	Capital Assets	
	as of June 30, 2010 and 2009	
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Land	\$ 1,156,663	\$ 1,156,663
Land Improvements	1,369,190	1,369,190
Buildings and Building Improvements	22,316,223	22,160,935
Machinery and Equipment	2,317,387	2,162,214
Construction in Progress	-	9,000
	<u>27,159,463</u>	<u>26,858,002</u>
Less Accumulated Depreciation	<u>(9,914,100)</u>	<u>(9,110,419)</u>
Total	<u><u>\$ 17,245,363</u></u>	<u><u>\$ 17,747,583</u></u>

Additional information on the District's capital assets is presented in Note 3 of this report.

LONG TERM LIABILITIES

At June 30, 2010 the District had \$10,807,437 of total outstanding debt. Of this amount, \$10,425,000 is for serial bonds; \$37,939 is for capital lease purchase agreements and \$344,498 is for compensated absences. The following is a comparison of the June 30, 2010 and 2009 balances:

	Outstanding Long-Term Debt	
	as of June 30, 2010 and 2009	
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Serial Bonds	\$ 10,425,000	\$ 10,915,000
Capital Leases Payable	37,939	131,123
Compensated Absences	344,498	330,960
	<u>10,807,437</u>	<u>11,377,083</u>
Total	<u><u>\$ 10,807,437</u></u>	<u><u>\$ 11,377,083</u></u>

Additional information of the District's long-term liabilities is presented in Note 3 of this report.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2010

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 as an encumbrance.
- 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 items. Other revisions to the budget during the year were the reappropriation of prior year encumbrances and the appropriation of preschool tuition revenue.

General Fund budgetary revenues and other financing sources exceeded budgetary expenditures increasing budgetary fund balance \$4,182 from the previous year. After deducting statutory reserves and designations, the unreserved/undesignated budgetary fund balance increased \$58,910, from \$327,771 at June 30, 2009 to \$386,681 at June 30, 2010.

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 2010-2011 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 2010-2011. Budgeted expenditures in the General Fund decreased approximately two percent to \$15,283,759 in fiscal year 2010-2011. Contractual salary requirements remained relatively unchanged and decreases in special education tuition costs and energy costs were offset with increases in employee health benefit costs.

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.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

FLORHAM PARK BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 635,703	\$ 211	\$ 635,914
Receivables, net	183,798	569	184,367
Deferred Charges	97,830		97,830
Capital Assets, Not Being Depreciated	1,156,663		1,156,663
Capital Assets, Being Depreciation, Net	<u>16,088,700</u>	<u>4,334</u>	<u>16,093,034</u>
Total Assets	<u>18,162,694</u>	<u>5,114</u>	<u>18,167,808</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	38,723		38,723
Payable to Other Governments	32,099		32,099
Accrued Interest Payable	188,574		188,574
Unearned Revenue	14,783		14,783
Noncurrent Liabilities			
Due Within One Year	731,824		731,824
Due Beyond One Year	<u>10,091,822</u>	<u>-</u>	<u>10,091,822</u>
Total Liabilities	<u>11,097,825</u>	<u>-</u>	<u>11,097,825</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,864,045	4,334	6,868,379
Restricted for			
Debt Service	80,789		80,789
Capital Projects	144,537		144,537
Unrestricted	<u>(24,502)</u>	<u>780</u>	<u>(23,722)</u>
Total Net Assets	<u>\$ 7,064,869</u>	<u>\$ 5,114</u>	<u>\$ 7,069,983</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, 2010**

Functions/Programs Governmental Activities	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Instruction	\$ 6,860,495	\$ 64,462	\$ 668,348		\$ (6,127,685)		\$ (6,127,685)
Regular	2,702,625		1,305,530		(1,397,095)		(1,397,095)
Special Education	108,418		63,489		(44,929)		(44,929)
Other Instruction	148,955				(148,955)		(148,955)
School Sponsored Activities and Athletics Support Services	2,659,787		232,971		(2,426,816)		(2,426,816)
Student and Instruction Related Services	574,800				(574,800)		(574,800)
General Administrative Services	1,081,152		75,655		(1,005,497)		(1,005,497)
School Administrative Services	338,009		18,580		(319,429)		(319,429)
Central Services	2,446,176		52,973	\$ 53,026	(2,340,177)		(2,340,177)
Plant Operations and Maintenance	804,200	130,101	112,490		(561,609)		(561,609)
Pupil Transportation	372,251				(372,251)		(372,251)
Interest on Debt							
Total Governmental Activities	18,096,868	194,563	2,530,036	53,026	(15,319,243)	-	(15,319,243)
Business-Type Activities							
Food Service	14,561	8,226	6,954		-	\$ 619	619
Total Business-Type Activities	14,561	8,226	6,954	-	-	619	619
Total Primary Government	\$ 18,111,429	\$ 202,789	\$ 2,536,990	\$ 53,026	(15,319,243)	619	(15,318,624)
General Revenues							
Taxes							
Property Tax, Levied for General Purposes					14,278,900		14,278,900
Property Tax, Levied for Debt Service					1,053,010		1,053,010
Investment Earnings					4,256		4,256
Miscellaneous Income					143,830		143,830
Total General Revenues					15,479,996	-	15,479,996
Change in Net Assets					160,753	619	161,372
Net Assets, Beginning of Year					6,904,116	4,495	6,908,611
Net Assets, End of Year					\$ 7,064,869	\$ 5,114	\$ 7,069,983

FUND FINANCIAL STATEMENTS

**FLORHAM PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 554,914			\$ 80,789	\$ 635,703
Receivables from Other Governments	35,728	\$ 146,900			182,628
Due from Other Funds	<u>101,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,188</u>
Total Assets	<u>\$ 691,830</u>	<u>\$ 146,900</u>	<u>\$ -</u>	<u>\$ 80,789</u>	<u>\$ 919,519</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 37,723				\$ 37,723
Due to Other Funds	1,000	\$ 100,018			101,018
Payable to State Government		29,430			29,430
Payable to Federal Government		2,669			2,669
Deferred Revenue	<u>-</u>	<u>14,783</u>	<u>-</u>	<u>-</u>	<u>14,783</u>
Total Liabilities	<u>38,723</u>	<u>146,900</u>	<u>-</u>	<u>-</u>	<u>185,623</u>
Fund Balances					
Reserved for					
Encumbrances	24,323				24,323
Capital Reserve Account	144,537				144,537
Emergency Reserve	170,000				170,000
Emergency Reserve - Designated for Subsequent Year's Expenditures	99,575				99,575
Excess Surplus - Designated for Subsequent Year's Expenditures	61,562				61,562
Unreserved					
Designated for Subsequent Year's Expenditures	63,438				63,438
Undesignated, Reported in General Fund	89,672				89,672
Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 80,789</u>	<u>80,789</u>
Total Fund Balances	<u>653,107</u>	<u>-</u>	<u>-</u>	<u>80,789</u>	<u>733,896</u>
Total Liabilities and Fund Balances	<u>\$ 691,830</u>	<u>\$ 146,900</u>	<u>\$ -</u>	<u>\$ 80,789</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 \$27,159,463 and the accumulated depreciation is \$9,914,100.

17,245,363

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

(188,574)

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, Net	\$ 10,441,209
Deferred Charge-	
Unamortized Bond Issuance Costs	(97,830)
Capital Leases Payable	37,939
Compensated Absences	<u>344,498</u>

(10,725,816)

Net assets of governmental activities

\$ 7,064,869

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

**FLORHAM PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 14,278,900			\$ 1,053,010	\$ 15,331,910
Transportation Fees	130,101				130,101
Tuition	64,462				64,462
Interest	4,053		\$ 203		4,256
Miscellaneous	143,830	\$ 58,124	-	-	201,954
Total - Local Sources	14,621,346	58,124	203	1,053,010	15,732,683
State Sources	1,989,888	47,757	53,026		2,090,671
Federal Sources	-	434,267	-	-	434,267
Total Revenues	16,611,234	540,148	53,229	1,053,010	18,257,621
EXPENDITURES					
Current					
Instruction					
Regular	6,794,918	41,298			6,836,216
Special Education	2,300,866	401,472			2,702,338
Other Instruction	50,294	58,124			108,418
School-Sponsored Activities and Athletics	148,955				148,955
Support Services					
Student and Instruction Related Services	2,598,171	39,254			2,637,425
General Administrative Services	564,222				564,222
School Administrative Services	1,002,152				1,002,152
Central Services	353,430				353,430
Plant Operations and Maintenance	1,787,291				1,787,291
Student Transportation Services	762,901				762,901
Debt Service					
Principal	93,184			575,000	668,184
Interest and Other Charges	7,771			397,223	404,994
Cost of Issuance				101,880	101,880
Advance Refunding Escrow				662,153	662,153
Capital Outlay	172,296	-	129,165	-	301,461
Total Expenditures	16,636,451	540,148	129,165	1,736,256	19,042,020
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,217)	-	(75,936)	(683,246)	(784,399)
OTHER FINANCING SOURCES (USES)					
Refunding Bond Proceeds				9,185,000	9,185,000
Premium on Refunding Bonds				679,033	679,033
Payment to Refunding Bond Escrow Agent				(9,100,000)	(9,100,000)
Transfers In	19,363				19,363
Transfers Out	-	-	(19,363)	-	(19,363)
Total Other Financing Sources and Uses	19,363	-	(19,363)	764,033	764,033
Net Change in Fund Balances	(5,854)	-	(95,299)	80,787	(20,366)
Fund Balance, Beginning of Year	658,961	-	95,299	2	754,262
Fund Balance, End of Year	\$ 653,107	\$ -	\$ -	\$ 80,789	\$ 733,896

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

**FLORHAM PARK BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ (20,366)**

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	\$ 301,461	
Depreciation Expense	<u>(803,681)</u>	
		(502,220)

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		(13,538)
----------------------	--	----------

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	575,000	
Capital Leases	<u>93,184</u>	
		668,184

The issuance of refunding bonds provides current financial resources to the governmental funds, while the repayment of the refunded bonds uses those current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Refunding Bond Proceeds	(9,185,000)	
Premium on Refunding Bonds	(679,033)	
Payments to Escrow Agent for Refunding	9,762,153	
Cost of Issuance	101,880	
Amortization of Bond Premium	26,995	
Amortization of Deferred Amounts on Refunding	(26,324)	
Amortization of Cost of Issuance	<u>(4,050)</u>	
		(3,379)

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>32,072</u>
------------------------------	--	---------------

Change in net assets of governmental activities (Exhibit A-2) **\$ 160,753**

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

**FLORHAM PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2010**

		Non-Major Enterprise Fund <u>Food Service</u>
ASSETS		
Cash and Cash Equivalents	\$	211
Intergovernmental Receivable, Net Federal		<u>569</u>
Total Current Assets		<u>780</u>
Capital Assets		
Equipment		105,913
Less: Accumulated Depreciation		<u>(101,579)</u>
Total Capital Assets		<u>4,334</u>
Total Assets		<u>5,114</u>
NET ASSETS		
Invested in Capital Assets		4,334
Unrestricted		<u>780</u>
Total Net Assets	\$	<u><u>5,114</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, 2010**

	Non-Major Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Local Sources	
Daily Sales	\$ 8,226
	<hr/>
Total Operating Revenues	8,226
	<hr/>
OPERATING EXPENSES	
Cost of Sales	11,482
Salaries and Benefits	1,500
Depreciation	1,579
	<hr/>
Total Operating Expenses	14,561
	<hr/>
Operating Loss	(6,335)
	<hr/>
Nonoperating Revenues	
Federal Sources	
Special School Milk Program	6,954
	<hr/>
Total Nonoperating Revenues	6,954
	<hr/>
Changes in Net Assets	619
	<hr/>
Total Net Assets, Beginning of Year	4,495
	<hr/>
Total Net Assets, End of Year	\$ 5,114
	<hr/> <hr/>

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, 2010**

	Non-Major Enterprise Fund Food Service
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 8,226
Cash Payments for Employee Salaries	
Salaries and Benefits	(1,500)
Cash Payments to Suppliers for Goods and Services	<u>(11,482)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(4,756)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>8,025</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>8,025</u>
Cash Flows from Capital Financing Activities	
Purchase of Capital Assets	<u>(5,417)</u>
Net Cash Provided by (Used for) Capital Financing Activities	<u>(5,417)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,148)
Cash and Cash Equivalents, Beginning of Year	<u>2,359</u>
Cash and Cash Equivalents, End of Year	<u>\$ 211</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	<u>\$ (6,335)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	<u>1,579</u>
Total Adjustments	<u>1,579</u>
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (4,756)</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, 2010**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 20,948	\$ 6,454	\$ 36,753
Other Receivables	5,214		
Due from Other Funds	<u>1,000</u>	<u>-</u>	<u>-</u>
Total Assets	<u>27,162</u>	<u>6,454</u>	<u>\$ 36,753</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 4,516
Accrued Salaries and Wages			1,504
Due to Other Funds			1,170
Intergovernmental Payable - State	7,744		-
Due to Student Groups	<u>-</u>	<u>-</u>	<u>29,563</u>
Total Liabilities	<u>7,744</u>	<u>-</u>	<u>\$ 36,753</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 19,418</u>	<u>\$ 6,454</u>	

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 15,429	
Investment Earnings		
Interest	<u>69</u>	\$ <u>5</u>
Total Additions	<u>15,498</u>	<u>5</u>
DEDUCTIONS		
Scholarship Awards		150
Unemployment Claims and Contributions	<u>44,344</u>	<u>-</u>
Total Deductions	<u>44,344</u>	<u>150</u>
Change in Net Assets	(28,846)	(145)
Net Assets, Beginning of Year	<u>48,264</u>	<u>6,599</u>
Net Assets, End of Year	<u>\$ 19,418</u>	<u>\$ 6,454</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, 2010**

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.

FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. District-wide and Fund Financial Statements (Continued)

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.

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, transportation fees, 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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, and short-term investments with original maturities of three months or less from the date of acquisition.

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

2. *Receivables and Payables*

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

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

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

Tuition Expenditures - Tuition charges for the fiscal years 2008-2009 and 2009-2010 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.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Receivables and Payables(Continued)

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

3. Inventories

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

4. 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, as well as the component units, 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

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *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.

6. *Long-term obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *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 the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2C.)

Reserved for Emergency Reserve - This reserve was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

Reserved for Emergency Reserve - Designated for Subsequent Year's Expenditures - This reserve was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education and was created to dedicate the portion of the emergency reserve appropriated in the adopted 2010/2011 original budget certified for taxes.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Fund Equity (Continued)

Reserved for Excess Surplus – Designated for Subsequent Year’s Expenditures – This reserve was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2009 audited excess surplus that was 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 2010/2011 District budget certified for taxes.

8. 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 2009/2010. During 2009/2010 the Board increased the original budget by \$432,244. The increase was funded by additional surplus appropriated, tuition revenue, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year authorized and approved additional fund balance appropriations of \$30,125 from the general fund were made on November 16, 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 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.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

B. Excess Expenditures Over Appropriations

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

	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Regular Programs – Undistributed Instruction			
Other Salaries for Instruction	\$224,013	\$225,757	\$1,744

The above variances were offset with other available resources.

C. 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, 2010 is as follows:

Beginning balance	\$ 105,376
Increases:	
Interest earnings	\$ 1
Deposits Approved by Board Resolution	20,000
Transfer from Capital Projects Fund	<u>19,160</u>
	<u>39,161</u>
Ending balance	<u>\$ 144,537</u>

The June 30, 2010 LRFP balance of local support costs of uncompleted capital projects is \$994,136.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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, 2010 is \$61,562. This amount was designated and appropriated in the 2010/2011 original budget certified for 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 (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge plus collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2010, the book value of the Board's deposits was \$700,069 and bank balances of the Board's cash and deposits amounted to \$1,048,430. The Board's deposits which are displayed on the balance sheets and statement of net assets as “cash and cash equivalents” are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	<u>\$ 1,048,430</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, 2010, none of the Board’s bank balance was exposed to custodial credit risk.

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, 2010, 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, 2010**

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>Non-Major Enterprise Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 35,728	\$ 146,900	\$ 569		\$ 183,197
Other	-	-	-	\$ 5,214	5,214
	<u>35,728</u>	<u>146,900</u>	<u>569</u>	<u>5,214</u>	<u>188,411</u>
Gross Receivables					
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 35,728</u>	<u>\$ 146,900</u>	<u>\$ 569</u>	<u>\$ 5,214</u>	<u>\$ 188,411</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:

Special Revenue Fund	<u>Unearned</u>
Unencumbered Grant Draw Downs	<u>\$14,783</u>
Total Deferred Revenue for Governmental Funds	<u>\$14,783</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, Not Being Depreciated:				
Land	\$ 1,156,663			\$ 1,156,663
Construction in Progress	<u>9,000</u>	<u>-</u>	<u>\$ (9,000)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>1,165,663</u>	<u>-</u>	<u>(9,000)</u>	<u>1,156,663</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,369,190			1,369,190
Building and Building Improvements	22,160,935	\$ 155,288		22,316,223
Machinery and Equipment	<u>2,162,214</u>	<u>155,173</u>	<u>-</u>	<u>2,317,387</u>
Total Capital Assets Being Depreciated	<u>25,692,339</u>	<u>310,461</u>	<u>-</u>	<u>26,002,800</u>
Less Accumulated Depreciation for:				
Land Improvements	(681,430)	(86,854)		(768,284)
Building and Building Improvements	(6,592,621)	(550,730)		(7,143,351)
Machinery and Equipment	<u>(1,836,368)</u>	<u>(166,097)</u>	<u>-</u>	<u>(2,002,465)</u>
Total Accumulated Depreciation	<u>(9,110,419)</u>	<u>(803,681)</u>	<u>-</u>	<u>(9,914,100)</u>
Total Assets, Being Depreciation, Net	<u>16,581,920</u>	<u>(493,220)</u>	<u>-</u>	<u>16,088,700</u>
Government Activities Capital Assets, Net	<u>\$ 17,747,583</u>	<u>\$ (493,220)</u>	<u>\$ (9,000)</u>	<u>\$ 17,245,363</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 100,496	\$ 5,417	-	\$ 105,913
Total Capital Assets Being Depreciated	<u>100,496</u>	<u>5,417</u>	<u>-</u>	<u>105,913</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(100,000)</u>	<u>(1,579)</u>	<u>-</u>	<u>(101,579)</u>
Total Accumulated Depreciation	<u>(100,000)</u>	<u>(1,579)</u>	<u>-</u>	<u>(101,579)</u>
Total Capital Assets, Being Depreciated, Net	<u>496</u>	<u>3,838</u>	<u>-</u>	<u>4,334</u>
Business-Type Activities Capital Assets, Net	<u>\$ 496</u>	<u>\$ 3,838</u>	<u>\$ -</u>	<u>\$ 4,334</u>

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 20,025
Special Education	483
Total Instruction	<u>20,508</u>

Support Services

Student and Instructional Related Services	19,261
General Administrative Services	6,528
School Administrative Services	50,169
Central Services	727
Plant Operations and Maintenance	665,189
Pupil Transportation	41,299
Total Support Services	<u>783,173</u>

Total depreciation expense - governmental activities	<u>\$ 803,681</u>
--	-------------------

Business-Type Activities:

Food Service Fund	<u>\$ 1,579</u>
-------------------	-----------------

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	\$ 1,170
General Fund	Special Revenue Fund	100,018
Unemployment Trust Fund	General Fund	<u>1,000</u>
Total		<u>\$ 102,188</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.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	<u>Transfer In:</u>
	<u>General</u>
Transfer Out:	
Capital Projects Fund	<u>\$ 19,363</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund and to restore unexpended capital project authorizations to capital reserve account.

E. Leases

Capital Leases

The District is leasing various equipment totaling \$60,641 under capital leases. The lease is for a term of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	<u>\$ 60,641</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2011	\$ 13,775
2012	13,775
2013	<u>13,775</u>
Total minimum lease payments	41,325
Less: amount representing interest	<u>(3,386)</u>
Present value of minimum lease payments	<u>\$ 37,939</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2010 are comprised of the following issues:

\$10,940,000, 2002 Bonds, due in annual installments of \$605,000 to \$635,000 through July 15, 2011, interest at 4.2%	\$ 1,240,000
\$9,185,000, 2009 Refunding Bonds, due in annual installments of \$35,000 to \$945,000 through July 15, 2022, interest at 2.00% to 5.00%	<u>9,185,000</u>
	<u>\$10,425,000</u>

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>	
2011	\$ 640,000	\$ 396,407	\$ 1,036,407
2012	670,000	369,667	1,039,667
2013	695,000	347,719	1,042,719
2014	710,000	331,731	1,041,731
2015	730,000	313,056	1,043,056
2016-2020	4,155,000	1,068,178	5,223,178
2021-2023	<u>2,825,000</u>	<u>175,574</u>	<u>3,000,574</u>
	<u>\$ 10,425,000</u>	<u>\$ 3,002,332</u>	<u>\$ 13,427,332</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2010 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 99,109,670
Less: Net Debt	<u>10,425,000</u>
Remaining Borrowing Power	<u>\$ 88,684,670</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Advance Refunding of Debt

On September 10, 2009, the District issued \$9,185,000 in School District Refunding Bonds having an interest rate of 2.00% to 5.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of the 2002 School Bonds of the District. The total bond principal defeased was \$9,100,000 and the total interest payments defeased was \$819,510. The net proceeds of \$9,762,153 (after payment of underwriting fees, insurance and other insurance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$662,153. This amount is being netted against the new debt and amortized over the remaining life of the new debt issued, which is the same as the life of the refunded debt.

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 10,915,000	\$ 9,185,000	\$ 9,675,000	\$ 10,425,000	\$ 640,000
Deferred Amounts:					
Add: Original Issue Premium		679,033	26,995	652,038	
Less: On Refunding	-	(662,153)	(26,324)	(635,829)	-
Total Bonds Payable	10,915,000	9,201,880	9,675,671	10,441,209	640,000
Capital Leases Payable	131,123		93,184	37,939	11,595
Compensated Absences	330,960	61,562	48,024	344,498	80,229
Governmental Activity Long-Term Liabilities	\$ 11,377,083	\$ 9,263,442	\$ 9,816,879	\$ 10,823,646	\$ 731,824

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, 2010**

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

The New Jersey School Boards Association Insurance Group provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance fund 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>
2010	None	\$ 15,429	\$ 44,344	\$ 19,418
2009	\$ 30,000	15,369	9,236	48,264
2008	20,000	14,423	24,363	12,061

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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

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, 2010, 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, 2010, the District has 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.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

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

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

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

Basis of Accounting

The financial statements of the retirement 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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation

P.L. 2009, c. 19, effective March 17, 2009 provided an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100 percent of the required contribution. Such an employer was credited with the full payment and any such amounts were not to be included in their unfunded liability. The actuaries for PERS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of TPAF, PERS, and Defined Contribution Retirement Program (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) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

Funding Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 72.6 percent with an unfunded actuarial accrued liability of \$34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and \$23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and \$11.4 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.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the June 30, 2008 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 contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2010 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2010, 2009 and 2008 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2010	\$ 159,899	\$ 26,880	None
2009	115,069	22,698	None
2008	81,518	503,549	None

During 2009/2010 and 2008/2009 school years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State only contributed \$26,880 and \$22,698 during 2009/2010 and 2009/2010, respectively, for the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$543,707 during the year ended June 30, 2010 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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 484 state and local participating employers and contributing entities for Fiscal Year 2009.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

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

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

Basis of Accounting

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

Investment Valuation

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

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the State had a \$55.9 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) which is made up to \$19.8 billion for state active and retired members and \$36.1 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, 2008, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2009, there were 84,590 retirees receiving post-retirement medical benefits and the State contributed \$837.7 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

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, 2010, 2009 and 2008 were \$504,853, \$433,029 and \$520,836, 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.

BUDGETARY COMPARISON SCHEDULES

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 14,278,900		\$ 14,278,900	\$ 14,278,900	
Transportation Fees From Individuals	30,000		30,000	44,277	\$ 14,277
Transportation Fees From Other LEA's	50,000		50,000	85,824	35,824
Tuition		\$ 63,000	63,000	64,462	1,462
Interest				4,052	4,052
Interest on Capital Reserve	20		20	1	(19)
Miscellaneous	70,000	-	70,000	143,830	73,830
Total Local Sources	14,428,920	63,000	14,491,920	14,621,346	129,426
State Sources					
Special Education Aid	582,606		582,606	535,914	(46,692)
Transportation Aid	158,666		158,666	103,133	(55,533)
Security Aid	80,517		80,517	52,336	(28,181)
Additional Nonpublic Transportation Aid				8,820	8,820
Extraordinary Aid	147,071		147,071	224,281	77,210
On-behalf TPAF Pension Payments - Pension Cost (Non-Budget)				26,880	26,880
On-behalf TPAF Pension Payments - Post Retirement Medical Benefits (Non-Budget)				504,853	504,853
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	543,707	543,707
Total State Sources	968,860	-	968,860	1,999,924	1,031,064
Total Revenues	15,397,780	63,000	15,460,780	16,621,270	1,160,490
Instruction - Regular Programs					
Salaries of Teachers					
Preschool		47,800	47,800	47,518	282
Kindergarten	261,498	14,808	276,306	276,306	
Grades 1-5	2,372,952	(113,991)	2,258,961	2,258,961	
Grades 6-8	1,598,979	23,393	1,622,372	1,622,372	
Regular Program - Home Instruction					
Salaries of Teachers	10,000	(9,480)	520	520	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	180,000	44,013	224,013	225,757	(1,744)
Purchased Professional/Educational Services	11,700	(5,519)	6,181	4,365	1,816
Purchased Technical Services	22,300	(12,074)	10,226	10,226	
Other Purchased Services	97,000	24,741	121,741	121,741	
General Supplies	286,959	40,138	327,097	325,554	1,543
Textbooks	65,900	68,788	134,688	134,400	288
Other Objects	18,900	(2,698)	16,202	15,553	649
Total Regular Programs	4,926,188	119,919	5,046,107	5,043,273	2,834
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	106,580	10,159	116,739	116,739	
Other Salaries for Instruction	42,371	(4,612)	37,759	37,759	
General Supplies	1,400	(428)	972	972	
Textbooks	1,000	(1,000)	-	-	
Total Learning and/or Language Disabilities	151,351	4,119	155,470	155,470	-

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 806,379	\$ 40,252	\$ 846,631	\$ 846,631	
Other Salaries for Instruction	168,290	(75,759)	92,531	92,531	
General Supplies	3,540	(228)	3,312	3,277	\$ 35
Textbooks	2,000	(411)	1,589	1,589	-
Total Resource Room	980,209	(36,146)	944,063	944,028	35
Preschool Disabilities - Full-Time					
Salaries of Teachers	59,550	17,167	76,717	76,717	
Other Salaries for Instruction	42,936	7,442	50,378	50,378	
General Supplies	2,150	(1,320)	830	830	-
Total Preschool Disabilities - Full-Time	104,636	23,289	127,925	127,925	-
Total Special Education	1,236,196	(8,738)	1,227,458	1,227,423	35
Bilingual Education					
Salaries of Teachers	35,985	1	35,986	35,986	
General Supplies	250	107	357	257	100
Total Bilingual Education	36,235	108	36,343	36,243	100
School Sponsored Cocurricular Activities					
Salaries	70,000	(6,035)	63,965	63,965	
Supplies and Materials	7,900	(444)	7,456	6,947	509
Total School Sponsored Cocurricular Activities	77,900	(6,479)	71,421	70,912	509
School Sponsored Athletics					
Salaries	35,000	(2,543)	32,457	32,457	
Purchased Services	4,500		4,500	4,020	480
Supplies and Materials	5,200		5,200	3,371	1,829
Other Objects	1,500	(26)	1,474	1,315	159
Total School Sponsored Athletics	46,200	(2,569)	43,631	41,163	2,468
Other Instructional Programs					
Supplies and Materials	1,009	30	1,039	1,000	39
Total Other Instructional Programs	1,009	30	1,039	1,000	39
Total Instruction	6,323,728	102,271	6,425,999	6,420,014	5,985
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	412,500	2,591	415,091	411,731	3,360
Tuition to CSSD & Reg. Day Schools	65,000	7,100	72,100	71,893	207
Tuition to Priv. Sch. for the Disabled					
Within the State	64,000	(6,000)	58,000	51,058	6,942
Tuition - Other	200,500	(50,604)	149,896	62,400	87,496
Total Undistributed Expenditures - Instruction	742,000	(46,913)	695,087	597,082	98,005

FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 229,654	\$ 8,867	\$ 238,521	\$ 238,521	
Purchased Professional-Technical Services	15,000		15,000	15,000	
Other Purchased Services	1,150		1,150	336	\$ 814
Supplies and Materials	6,200	476	6,676	6,440	236
Other Objects	900	-	900	327	573
Total Health Services	252,904	9,343	262,247	260,624	1,623
Speech, OT, PT and Related Services					
Salaries	469,651	(7,307)	462,344	461,964	380
Purchased Professional-Educational Services	178,800	(85,328)	93,472	93,309	163
Supplies and Materials	5,500	3,000	8,500	7,307	1,193
Total Speech, OT, PT and Related Services	653,951	(89,635)	564,316	562,580	1,736
Other Support Services-Students-Extra Serv.					
Salaries	53,000	63,055	116,055	114,452	1,603
Total Other Support Services - Students - Extra Serv.	53,000	63,055	116,055	114,452	1,603
Guidance					
Salaries of Other Professional Staff	129,680	(8,759)	120,921	120,921	
Salaries of Secretarial and Clerical Assistants	62,405		62,405	62,405	
Other Purchased Professional and Tech. Services	26,000		26,000	20,537	5,463
Other Purchased Services	800		800	800	
Supplies and Materials	15,400	(241)	15,159	11,619	3,540
Other Objects	250	-	250	-	250
Total Guidance	234,535	(9,000)	225,535	215,482	10,053
Child Study Team					
Salaries of Other Professional Staff	268,000	2,186	270,186	270,186	
Salaries of Secretarial and Clerical Assistants	61,255	1	61,256	61,256	
Other Purchased Professional and Tech. Services	18,150	(9,707)	8,443	7,480	963
Misc Purchased Services	10,000	1,050	11,050	10,496	554
Supplies and Materials	15,230	(2,869)	12,361	11,733	628
Other Objects	1,950	(150)	1,800	1,264	536
Total Child Study Team	374,585	(9,489)	365,096	362,415	2,681
Improvement of Instructional Services					
Salaries of Other Professional Staff	53,813	387	54,200	54,200	
Other Salaries	34,000	(387)	33,613	30,000	3,613
Total Improvement of Instructional Services	87,813	-	87,813	84,200	3,613
Educational Media Services/School Library					
Salaries	267,656	(44,105)	223,551	223,551	
Purchased Professional and Technical Service	7,800	(145)	7,655	7,655	
Other Purchased Services	10,645		10,645	9,571	1,074
Supplies and Materials	26,197	(4,895)	21,302	14,963	6,339
Total Educational Media Serv./School Library	312,298	(49,145)	263,153	255,740	7,413
Instructional Staff Training Services					
Salaries of Other Professional Staff	53,812	188	54,000	54,000	
Other Salaries	8,000	(188)	7,812	5,150	2,662
Purchased Professional/Educational Services	59,550	(31,498)	28,052	16,695	11,357
Other Purchased Services	5,500	6,151	11,651	5,748	5,903
Supplies and Materials	-	5,500	5,500	5,104	396
Other Objects	1,375	-	1,375	837	538
Total Staff Training Services	128,237	(19,847)	108,390	87,534	20,856

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 253,700	\$ (1,188)	\$ 252,512	\$ 252,512	
Legal Services	40,000	3,999	43,999	40,044	\$ 3,955
Audit Fees	16,500	16,500	33,000	16,500	16,500
Other Purchased Professional Services	21,000	(10,636)	10,364	6,850	3,514
Communications/Telephone	52,000	1,879	53,879	53,879	
Other Purchased Services	34,400	494	34,894	34,894	
General Supplies	3,000	9,918	12,918	12,918	
Judgements Against the School District		40,000	40,000	40,000	
Miscellaneous Expenditures	21,000	(8,336)	12,664	12,664	
Total Support Services General Administration	441,600	52,630	494,230	470,261	23,969
Support Services School Administration					
Salaries of Principal/Asst. Principals	379,823	14,776	394,599	394,537	62
Salaries of Other Professional Staff	104,276	8,700	112,976	112,890	86
Salaries of Secretarial and Clerical Assistants	186,715	(3,776)	182,939	182,939	
Purchased Professional and Technical Services	5,550	(4,231)	1,319	1,319	
Other Purchased Services	28,500	(10,412)	18,088	17,753	335
Supplies and Materials	13,000	(1,177)	11,823	11,157	666
Other Objects	11,200	(7,721)	3,479	2,631	848
Total Support Services School Administration	729,064	(3,841)	725,223	723,226	1,997
Support Services Central Services					
Salaries	235,605	(8,561)	227,044	227,044	
Purchased Technical Services	11,000	(184)	10,816	10,816	
Miscellaneous Purchased Services	18,550	3,280	21,830	21,830	
Supplies and Materials	3,500	2,183	5,683	5,626	57
Miscellaneous Expenditures	1,500	(156)	1,344	1,344	-
Total Support Central School Administration	270,155	(3,438)	266,717	266,660	57
Required Maintenance for School Facilities					
Salaries	144,430	280	144,710	144,710	
Cleaning, Repair and Maintenance Services	102,450	28,456	130,906	130,783	123
General Supplies	29,000	(7,199)	21,801	21,127	674
Total Required Maintenance for School Fac.	275,880	21,537	297,417	296,620	797
Custodial Services					
Salaries	474,429	56,950	531,379	529,879	1,500
Purchased Prof. And Technical Serv.	42,300	8,652	50,952	50,945	7
Cleaning, Repair and Maint. Serv.	22,500	(2,943)	19,557	19,557	
Other Purchased Property Services	29,200	(1,280)	27,920	27,920	
Insurance	85,000	(1,694)	83,306	83,306	
Miscellaneous Purchased Services	600	(600)			
General Supplies	44,000	8,862	52,862	49,600	3,262
Energy (Electricity)	444,000	(75,523)	368,477	368,477	
Other Objects	1,400	2,602	4,002	3,992	10
Total Custodial Services	1,143,429	(4,974)	1,138,455	1,133,676	4,779
Care and Upkeep of Grounds					
Salaries	59,030		59,030	59,030	
Purchased Professional and Technical Services	1,400	3,267	4,667	4,182	485
Cleaning, Repair and Maintenance Svc.	8,800	5,898	14,698	14,698	
General Supplies	12,000	6,782	18,782	18,731	51
Other Objects	500	-	500	-	500
Total Care and Upkeep of Grounds	81,730	15,947	97,677	96,641	1,036

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	\$ 178,000	\$ (15,989)	\$ 162,011	\$ 161,386	\$ 625
Salaries for Pupil Transportation (Between Home and School) - Special	177,000	4,117	181,117	181,117	
Salaries for Pupil Transportation (Other than Between Home and School)	42,000	11,873	53,873	53,873	
Management Fee - ESC & CTSA Transp. Prog.	3,000	-	3,000	3,000	
Other Purchased Prof. and Technical Serv.	1,500	(1,170)	330	330	
Cleaning, Repair and Maintenance Services	63,000	(26,709)	36,291	35,326	965
Lease Purchase Payments - School Buses	11,500	10,794	22,294	22,294	
Contracted Services (Bet. Home and Sch)-Vendors	3,000	(1,000)	2,000		2,000
Contracted Services (Other than Between Home and Sch) - Vendors	7,500	(1,000)	6,500	3,900	2,600
Contracted Services (Spl. Ed. Students) - Vendors	90,000	(17,553)	72,447	68,361	4,086
Contracted Services - Aid in Lieu of Payments Non-Public	72,000	(10,454)	61,546	61,546	
Misc. Purchased Serv. - Transportation	20,000	4,500	24,500	23,793	707
Supplies and Materials	27,000	(3,500)	23,500	20,920	2,580
Other Objects	500	1,675	2,175	1,856	319
Total Student Transportation Services	696,000	(44,416)	651,584	637,702	13,882
Unallocated Benefits - Employee Benefits					
Social Security Contributions	200,000	4,037	204,037	204,037	
Other Retirement Contributions - Regular	145,000	14,899	159,899	159,899	
Unemployment Compensation	20,000	(19,837)	163		163
Workers Compensation	125,000	(8,981)	116,019	116,019	
Health Benefits	2,060,000	55,753	2,115,753	2,115,753	
Tuition Reimbursement	50,000	29,176	79,176	79,176	
Other Employee Benefits	54,000	15,665	69,665	69,665	-
Total Unallocated Benefits - Employee Benefits	2,654,000	90,712	2,744,712	2,744,549	163
On-behalf TPAF Pension Payments -					
Pension Cost (Non-Budget)				26,880	(26,880)
On-behalf TPAF Payments -					
Post Retirement Medical Benefits (Non-Budget)				504,853	(504,853)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	543,707	(543,707)
Total On-Behalf Payments	-	-	-	1,075,440	(1,075,440)
Total Undistributed Expenditures	9,131,181	(27,474)	9,103,707	9,984,884	(881,177)
Total Expenditures - Current Expenditures	15,454,909	74,797	15,529,706	16,404,898	(875,192)

FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures:					
Instruction	\$ 27,000	\$ 129,995	\$ 156,995	\$ 156,995	
School Administration		4,495	4,495	4,495	
Operations and Maint. Of Plant Serv.		10,806	10,806	10,806	
Transportation	-	-	-	-	-
Total Equipment	<u>27,000</u>	<u>145,296</u>	<u>172,296</u>	<u>172,296</u>	-
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services					
Construction Services					
Lease Purchase Agreements - Principal	<u>30,000</u>	<u>29,257</u>	<u>59,257</u>	<u>59,257</u>	-
Total Facilities Acquis. and Const. Services	<u>30,000</u>	<u>29,257</u>	<u>59,257</u>	<u>59,257</u>	-
Total Capital Outlay	<u>57,000</u>	<u>174,553</u>	<u>231,553</u>	<u>231,553</u>	-
Transfer to Charter Schools	<u>10,851</u>	-	<u>10,851</u>	-	\$ 10,851
Total Expenditures	<u>15,522,760</u>	<u>249,350</u>	<u>15,772,110</u>	<u>16,636,451</u>	<u>(864,341)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(124,980)</u>	<u>(186,350)</u>	<u>(311,330)</u>	<u>(15,181)</u>	<u>296,149</u>
Other Financing Sources (Uses)					
Operating Transfers Out - Capital Projects Fund					
Operating Transfers In - Capital Projects Fund	-	-	-	<u>19,363</u>	<u>19,363</u>
Total Other Financing Sources (Uses)	-	-	-	<u>19,363</u>	<u>19,363</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	<u>(124,980)</u>	<u>(186,350)</u>	<u>(311,330)</u>	<u>4,182</u>	<u>315,512</u>
Fund Balance, Beginning of Year	<u>945,934</u>	-	<u>945,934</u>	<u>945,934</u>	-
Fund Balance, End of Year	<u>\$ 820,954</u>	<u>\$ (186,350)</u>	<u>\$ 634,604</u>	<u>\$ 950,116</u>	<u>\$ 315,512</u>
Recapitulation of Fund Balance					
Reserved for:					
Encumbrances				\$ 24,323	
Capital Reserve				144,537	
Emergency Reserve				170,000	
Emergency Reserve - Designated for Subsequent Year's Expenditures				99,575	
Excess Surplus - Designated for Subsequent Year's Expenditures				61,562	
Unreserved					
Designated for Subsequent Year's Expenditures				63,438	
Undesignated				<u>386,681</u>	
Reconciliation to Governmental Funds Statements (GAAP):				950,116	
Less: State Aid Revenue Not Recognized on GAAP Basis				<u>(297,009)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 653,107</u>	

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 254,696	\$ 246,353	\$ 501,049	\$ 434,267	\$ (66,782)
State	85,770	(8,583)	77,187	47,757	(29,430)
Local	<u>176,750</u>	<u>(54,876)</u>	<u>121,874</u>	<u>58,124</u>	<u>(63,750)</u>
Total Revenues	<u>517,216</u>	<u>182,894</u>	<u>700,110</u>	<u>540,148</u>	<u>(159,962)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	68,100	(6,406)	61,694	29,103	32,591
Other Purchased Service	1,500	-	1,500	-	1,500
Tuition	155,000	13,979	168,979	168,979	-
General Supplies	89,142	90,417	179,559	168,820	10,739
Textbooks	<u>11,152</u>	<u>(2,624)</u>	<u>8,528</u>	<u>8,503</u>	<u>25</u>
Total Instruction	<u>324,894</u>	<u>95,366</u>	<u>420,260</u>	<u>375,405</u>	<u>44,855</u>
Support Services					
Salaries	21,123	213	21,336	2,974	18,362
Personnel Services - Employee Benefits	30,176	5,505	35,681	-	35,681
Purchased Professional/Technical Services	71,818	(3,159)	68,659	39,254	29,405
Purchased Professional/Educational Services	38,230	70,728	108,958	86,411	22,547
Other Purchased Services	30,575	(1,343)	29,232	29,032	200
Miscellaneous Expenditures	400	-	400	-	400
General Supplies	<u>-</u>	<u>15,584</u>	<u>15,584</u>	<u>7,072</u>	<u>8,512</u>
Total Support Services	<u>192,322</u>	<u>87,528</u>	<u>279,850</u>	<u>164,743</u>	<u>115,107</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>517,216</u>	<u>182,894</u>	<u>700,110</u>	<u>540,148</u>	<u>159,962</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, 2010**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 16,621,270	(C-2) \$ 540,148
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, 2009		
Encumbrances, June 30, 2010		
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2008/2009 State aid)	286,973	
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2009/2010 State aid)	<u>(297,009)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) <u>\$ 16,611,234</u>	(B-2) <u>\$ 540,148</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 16,636,451	(C-2) \$ 540,148
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, 2009		
Encumbrances, June 30, 2010		
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) <u>\$ 16,636,451</u>	(B-2) <u>\$ 540,148</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2010**

	<u>IDEIA Part B Basic</u>	<u>IDEIA Part B Preschool</u>	<u>NCLB Title IIA</u>	<u>NCLB Title III</u>	<u>NCLB Title IV</u>	<u>Total Exhibit E-1A</u>	<u>Total Exhibit E-1B</u>	<u>2010</u>
REVENUES								
Intergovernmental								
Federal	\$ 207,715	\$ 8,508	\$ 28,866	\$ 2,061	\$ 1,868	\$ 185,249	\$ 18,616	\$ 434,267
State						29,141	58,124	47,757
Local						-	-	58,124
Total Revenues	<u>\$ 207,715</u>	<u>\$ 8,508</u>	<u>\$ 28,866</u>	<u>\$ 2,061</u>	<u>\$ 1,868</u>	<u>\$ 214,390</u>	<u>\$ 76,740</u>	<u>\$ 540,148</u>
EXPENDITURES								
Instruction								
Salaries of Teachers					\$ 1,406	\$ 27,697		\$ 29,103
Purchased Prof. and Technical Services								168,979
Tuition	\$ 168,979							168,820
General Supplies	6,566	8,508	3,012	2,061	419	97,202	51,052	168,820
Textbooks							8,503	8,503
Total Instruction	<u>\$ 175,545</u>	<u>\$ 8,508</u>	<u>\$ 3,012</u>	<u>\$ 2,061</u>	<u>\$ 1,825</u>	<u>\$ 124,899</u>	<u>\$ 59,555</u>	<u>\$ 375,405</u>
Support Services								
Salaries			2,931				43	2,974
Purchased Professional/Technical Services						29,141	10,113	39,254
Purchased Professional/Educational Services	26,061					60,350		86,411
Other Purchased Services	6,109		22,923					29,032
Supplies							7,072	7,072
Total Support Services	<u>\$ 32,170</u>	<u>\$ -</u>	<u>\$ 25,854</u>	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 89,491</u>	<u>\$ 17,185</u>	<u>\$ 164,743</u>
Facilities Acquisition and Construction Services								
Construction Services								
Total Facilities Acquisition and Const. Svc	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 207,715</u>	<u>\$ 8,508</u>	<u>\$ 28,866</u>	<u>\$ 2,061</u>	<u>\$ 1,868</u>	<u>\$ 214,390</u>	<u>\$ 76,740</u>	<u>\$ 540,148</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, 2010

	ARRA Basic	ARRA Preschool	Nonpublic Ch. 192 Compensatory Instruction	ESL	Nonpublic Ch. 193 Corrective Speech	Exam & Classification	Supplemental Instruction	Total E-1A
REVENUES								
Intergovernmental								
Federal	\$ 180,605	\$ 4,644						\$ 185,249
State			\$ 8,637	\$ 979	\$ 4,394	\$ 9,317	\$ 5,814	\$ 29,141
Local								
Total Revenues	\$ 180,605	\$ 4,644	\$ 8,637	\$ 979	\$ 4,394	\$ 9,317	\$ 5,814	\$ 214,390
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 27,697							\$ 27,697
General Supplies	92,558	4,644						97,202
Textbooks								
Total Instruction	120,255	4,644						124,899
Support Services								
Salaries								
Personnel Services - Employee Benefits								
Purchased Professional/Technical Services			\$ 8,637	\$ 979	\$ 4,394	\$ 9,317	\$ 5,814	\$ 29,141
Purchased Professional/Educational Services	60,350							60,350
Supplies								
Total Support Services	60,350		8,637	979	4,394	9,317	5,814	89,491
Facilities Acquisition and Construction Services								
Construction Services								
Total Facilities Acquisition and Const. Svc								
Total Expenditures	\$ 180,605	\$ 4,644	\$ 8,637	\$ 979	\$ 4,394	\$ 9,317	\$ 5,814	\$ 214,390

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Local Grants</u>	<u>Total E-1B</u>
REVENUES				
Intergovernmental				
Federal	\$ 10,113	\$ 8,503		\$ 18,616
State	-	-	58,124	58,124
Local	-	-		
Total Revenues	<u>\$ 10,113</u>	<u>\$ 8,503</u>	<u>\$ 58,124</u>	<u>\$ 76,740</u>
EXPENDITURES				
Instruction				
General Supplies	-	\$ 8,503	51,052	\$ 51,052
Textbooks	-	-	-	8,503
Total Instruction	<u>-</u>	<u>8,503</u>	<u>51,052</u>	<u>59,555</u>
Support Services				
Salaries				
Personnel Services - Employee Benefits	\$ 10,113			10,113
Purchased Professional/Technical Services	-			-
Purchased Professional/Educational Services	-		7,072	7,072
Supplies	-	-		-
Total Support Services	<u>10,113</u>	<u>-</u>	<u>7,072</u>	<u>17,185</u>
Facilities Acquisition and Construction Services				
Construction Services	-	-	-	-
Total Facilities Acquisition and Const. Svc	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 10,113</u>	<u>\$ 8,503</u>	<u>\$ 58,124</u>	<u>\$ 76,740</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, 2010**

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, 2010

<u>Issue/Project Title</u>	<u>Expenditures to Date</u>			<u>Cancellations</u>	<u>Unexpended Balance, June 30, 2010</u>
	<u>Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>		
Ridgedale MS Roof Replacement	\$ 168,047	\$ 9,000	\$ 129,165	\$ 29,882	\$ -
	<u>\$ 168,047</u>	<u>\$ 9,000</u>	<u>\$ 129,165</u>	<u>\$ 29,882</u>	<u>\$ -</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, 2010**

Revenues and Other Financing Sources

Revenues

Interest	\$ <u>203</u>
----------	---------------

Total Revenues and Other Financing Sources	<u>203</u>
--	------------

Expenditures and Other Financing Uses

Capital Outlays

Purchased Professional and Technical Services	4,200
---	-------

Construction Services	124,965
-----------------------	---------

Other Financing Uses

Transfers Out - General Fund	19,363
------------------------------	--------

Prior Year Unearned State Aid Revenue - Budgetary Basis	<u>10,722</u>
---	---------------

Total Expenditures and Other Financing Uses	<u>159,250</u>
---	----------------

Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(159,047)
--	-----------

Fund Balance- Beginning of Year	<u>159,047</u>
---------------------------------	----------------

Fund Balance- End of Year	<u>\$ -</u>
---------------------------	-------------

**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, 2010**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 65,988	\$ (10,722)	\$ 55,266	\$ 55,266
Transfers from Capital Outlay	77,059		77,059	77,059
Transfers from Capital Reserve	<u>25,000</u>	<u>(19,160)</u>	<u>5,840</u>	<u>5,840</u>
 Total Revenues	 <u>168,047</u>	 <u>(29,882)</u>	 <u>138,165</u>	 <u>138,165</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	\$ 9,000	\$ 4,200	13,200	13,200
Construction Services	<u>-</u>	<u>124,965</u>	<u>124,965</u>	<u>124,965</u>
 Total Expenditures	 <u>9,000</u>	 <u>129,165</u>	 <u>138,165</u>	 <u>138,165</u>
 Excess of Revenue Over Expenditures	 <u>\$ 159,047</u>	 <u>\$ (159,047)</u>	 <u>\$ -</u>	 <u>\$ -</u>

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	168,047
Reduced Authorized Cost	(29,882)
Revised Authorized Cost	138,165
 Percentage Increase Under Original Authorized Cost	 -16.25%
Percentage Completion	100.00%
Original Target Completion Date	2009/10
Revised Target Completion Date	2009/10

THIS PAGE INTENTIONALLY LEFT BLANK

ENTERPRISE FUND

FIDUCIARY FUNDS

**FLORHAM PARK BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Financial Statements are Presented on Exhibit B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Financial Statements are Presented on Exhibit B-5

**PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Financial Statements are Presented on Exhibit B-6

THIS PAGE INTENTIONALLY LEFT BLANK

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 29,563	\$ 7,190	\$ 36,753
Total Assets	<u>\$ 29,563</u>	<u>\$ 7,190</u>	<u>\$ 36,753</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 4,516	\$ 4,516
Accrued Salaries and Wages		1,504	1,504
Due to Other Funds		1,170	1,170
Due to Student Groups	<u>\$ 29,563</u>	<u>-</u>	<u>29,563</u>
Total Liabilities	<u>\$ 29,563</u>	<u>\$ 7,190</u>	<u>\$ 36,753</u>

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Balance, July 1, 2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2010</u>
ELEMENTARY SCHOOLS				
Briarwood	\$ 3,044	\$ 5,768	\$ 5,562	\$ 3,250
Brooklake	2,335	14,034	13,431	2,938
MIDDLE SCHOOLS				
Ridgedale Athletics		4,500	4,450	50
Ridgedale	18,744	121,435	116,854	23,325
Due from Other Funds	<u>(150)</u>	<u>150</u>	<u>-</u>	<u>-</u>
Total All Schools	<u>\$ 23,973</u>	<u>\$ 145,887</u>	<u>\$ 140,297</u>	<u>\$ 29,563</u>

**FLORHAM PARK BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Balance, July 1, <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2010</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 4,516	\$ 4,308,653	\$ 4,308,653	\$ 4,516
Accrued Salaries and Wages	1,505	6,424,870	6,424,871	1,504
Due to Other Funds	881	289	-	1,170
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 6,902	\$ 10,733,812	\$ 10,733,524	\$ 7,190
	<hr/>	<hr/>	<hr/>	<hr/>

THIS PAGE INTENTIONALLY LEFT BLANK

LONG-TERM DEBT

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<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, 2009</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2010</u>
School District Bonds - Series 1994	12/15/1994	\$ 4,950,000				\$ 410,000		\$ 410,000	
School District Bonds - Series 2002	7/15/2002	10,940,000	7/15/2010	\$ 605,000	4.20 %				
			7/15/2011	635,000	4.20	10,505,000		9,265,000	\$ 1,240,000
School District Refunding Bonds - 2009	9/10/2009	9,185,000	7/15/2010	35,000	2.00 %				
			7/15/2011	35,000	2.00				
			7/15/2012	345,000	2.00				
			7/15/2012	350,000	2.75				
			7/15/2013	460,000	2.00				
			7/15/2013	250,000	2.50				
			7/15/2014	730,000	3.00				
			7/15/2015	360,000	2.75				
			7/15/2015	400,000	5.00				
			7/15/2016	100,000	3.50				
			7/15/2016	690,000	5.00				
			7/15/2017	830,000	5.00				
			7/15/2018	300,000	3.50				
			7/15/2018	570,000	4.25				
			7/15/2019	190,000	3.50				
			7/15/2019	715,000	4.375				
			7/15/2020	940,000	4.50				
			7/15/2021	940,000	4.25				
			7/15/2022	945,000	4.00				
							\$ 9,185,000		9,185,000
						\$ 10,915,000	\$ 9,185,000	\$ 9,675,000	\$ 10,425,000

Paid By Budget Appropriation \$ 575,000
Paid by Refunding Bond Proceeds 9,100,000
\$ 9,675,000

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<u>Purpose</u>	<u>Original Issue</u>	<u>Balance, June 30, 2009</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2010</u>
2006 Bus - 54 Passenger, 2004 Ford F350 Pickup Truck, 2005 Dodge Caravan SE	\$ 101,062	\$ 5,629		\$ 5,629	
Installation of Telecommunications / Public Address / Voice Mail Systems	131,982	54,853		54,853	
2006 Bus - 24 Passenger	50,004	21,107		21,107	
Various Equipment	60,641	<u>49,534</u>	<u>-</u>	<u>11,595</u>	<u>\$ 37,939</u>
		<u>\$ 131,123</u>	<u>\$ -</u>	<u>\$ 93,184</u>	<u>\$ 37,939</u>

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 1,053,010	-	\$ 1,053,010	\$ 1,053,010	-
Total Revenues	<u>1,053,010</u>	<u>-</u>	<u>1,053,010</u>	<u>1,053,010</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	575,000		575,000	575,000	
Interest	478,011	-	478,011	397,223	\$ 80,788
Cost of Issuance				101,880	(101,880)
Advance Refunding Escrow				662,153	(662,153)
Total Expenditures	<u>1,053,011</u>	<u>-</u>	<u>1,053,011</u>	<u>1,736,256</u>	<u>(683,245)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(683,246)</u>	<u>(683,245)</u>
OTHER FINANCING SOURCES (USES)					
Refunding Bond Proceeds				9,185,000	(9,185,000)
Premium on Refunding Bonds				679,033	(679,033)
Payment to Refunded Bond Escrow Agent				(9,100,000)	9,100,000
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>764,033</u>	<u>(764,033)</u>
Net Change in Fund Balance	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>80,787</u>	<u>80,788</u>
Fund Balance, Beginning of Year	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 80,789</u>	<u>\$ 80,788</u>

THIS PAGE INTENTIONALLY LEFT BLANK

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 SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010
Governmental activities							
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	\$ 6,864,045
Restricted	114,565	104,339	209,068	89,270	32,035	200,677	225,326
Unrestricted	38,335	(212,420)	(374,914)	(386,851)	37,626	1,979	(24,502)
Total governmental activities net assets	\$ 6,937,237	\$ 6,744,670	\$ 6,596,272	\$ 6,444,838	\$ 6,757,994	\$ 6,904,116	\$ 7,064,869
Business-type activities							
Invested in capital assets, net of related debt	\$ 5,405	\$ 3,721	\$ 3,235	\$ 2,322	\$ 1,409	\$ 496	\$ 4,334
Restricted							
Unrestricted	5,345	3,511	(6,950)	(13,693)	2,099	3,999	780
Total business-type activities net assets	\$ 10,750	\$ 7,232	\$ (3,715)	\$ (11,371)	\$ 3,508	\$ 4,495	\$ 5,114
District-wide							
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	\$ 6,868,379
Restricted	114,565	104,339	209,068	89,270	32,035	200,677	225,326
Unrestricted	43,680	(208,909)	(381,864)	(400,544)	39,725	5,978	(23,722)
Total district net assets	\$ 6,947,987	\$ 6,751,902	\$ 6,592,557	\$ 6,433,467	\$ 6,761,502	\$ 6,908,611	\$ 7,069,983

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 seven 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 SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental Activities							
Instruction							
Regular	\$ 5,474,587	\$ 5,521,996	\$ 5,809,031	\$ 6,571,189	\$ 6,705,625	\$ 6,577,544	\$ 6,860,495
Special Education	1,752,336	2,455,940	2,554,818	2,607,536	2,313,004	2,269,125	2,702,625
Other Instruction	83,181	70,221	69,663	83,439	80,730	67,043	108,418
School Sponsored Activities and Athletics	163,886	129,699	139,489	139,328	150,045	148,318	148,955
Support Services:							
Student & Instruction Related Services	1,566,051	1,817,140	2,250,544	2,428,809	2,435,868	2,558,454	2,659,787
General Administrative Services	762,681	557,374	548,193	491,435	537,995	518,851	574,800
School Administrative Services	833,658	654,996	721,807	836,001	961,645	968,615	1,081,152
Central Services/Business Services	326,534	250,832	292,896	407,181	347,440	345,639	338,009
Plant Operations and Maintenance	1,605,918	1,928,465	1,994,220	2,000,682	2,321,091	2,412,179	2,446,176
Pupil Transportation	554,681	773,436	826,229	1,031,136	922,126	803,849	804,200
Interest on Long-Term Debt	657,338	688,584	665,301	509,513	524,666	513,234	372,251
Total Governmental Activities Expenses	13,780,851	14,848,683	15,872,191	17,106,249	17,300,235	17,182,851	18,096,868
Business-Type Activities:							
Food Service	12,440	19,694	21,407	19,214	13,116	16,412	14,561
Enrichment Program			5,206	4,058			
Total Business-Type Activities Expense	12,440	19,694	26,613	23,272	13,116	16,412	14,561
Total District Expenses	\$ 13,793,291	\$ 14,868,377	\$ 15,898,804	\$ 17,129,521	\$ 17,313,351	\$ 17,199,263	\$ 18,111,429
Program Revenues							
Governmental Activities:							
Charges for Services:							
Pupil Transportation	\$ 34,870	\$ 42,363	\$ 42,853	\$ 74,708	\$ 118,587	\$ 111,531	\$ 130,101
Tuition							64,462
Operating Grants and Contributions	1,851,096	2,014,423	2,201,960	2,658,388	2,704,811	2,189,988	2,530,036
Capital Grants and Contributions	1,802,012	65,157	90,577	-	6,500	480	53,026
Total Governmental Activities Program Revenues	3,687,978	2,121,943	2,335,390	2,733,096	2,829,898	2,301,999	2,777,625
Business-type activities:							
Charges for Services							
Food Service	8,544	8,700	8,615	8,317	7,681	9,143	8,226
Enrichment Program				855			
Operating Grants and Contributions	5,491	7,476	6,624	6,444	6,252	8,256	6,954
Total Business Type Activities Program Revenues	14,035	16,176	15,239	15,616	13,933	17,399	15,180
Total District Program Revenues	\$ 3,702,013	\$ 2,138,119	\$ 2,350,629	\$ 2,748,712	\$ 2,843,831	\$ 2,319,398	\$ 2,792,805
Net (Expense)/Revenue							
Governmental Activities	\$ (10,092,873)	\$ (12,726,740)	\$ (13,536,801)	\$ (14,373,153)	\$ (14,470,337)	\$ (14,880,852)	\$ (15,319,243)
Business-Type Activities	1,595	(3,518)	(11,374)	(7,656)	817	987	619
Total District-Wide Net Expense	\$ (10,091,278)	\$ (12,730,258)	\$ (13,548,175)	\$ (14,380,809)	\$ (14,469,520)	\$ (14,879,865)	\$ (15,318,624)

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

	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Property Taxes Levied for General Purposes, Net	\$ 10,771,768	\$ 11,307,037	\$ 12,359,375	\$ 12,813,493	\$ 13,433,441	\$ 13,822,785	\$ 14,278,900
Property Taxes Levied for Debt Service	782,824	1,061,420	1,055,500	1,053,365	1,054,780	1,054,628	1,053,010
Unrestricted Aid, Grants and Contributions	45,355	112,719	71,994	154,468	177,788	4,010	-
Investment Earnings	52,275	22,755	25,864	33,880	19,425	11,786	4,256
Miscellaneous Income	10,431	30,242	39,708	166,513	112,121	133,765	143,830
Transfers	-	-	-	-	(14,062)	-	-
Total Governmental Activities	<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>15,026,974</u>	<u>15,479,996</u>
Business-Type Activities:							
Investment Earnings	-	-	-	-	14,062	-	-
Transfers	-	-	-	-	-	-	-
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,062</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 11,662,653</u>	<u>\$ 12,534,173</u>	<u>\$ 13,552,441</u>	<u>\$ 14,221,719</u>	<u>\$ 14,797,555</u>	<u>\$ 15,026,974</u>	<u>\$ 15,479,996</u>
Special Items							
Governmental Activities:							
Loss on Disposal of Assets	-	-	\$ (164,038)	-	-	-	-
Total Governmental Activities	<u>-</u>	<u>-</u>	<u>(164,038)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets							
Governmental Activities	\$ 1,569,780	\$ (192,567)	\$ (148,398)	\$ (151,434)	\$ 313,156	\$ 146,122	\$ 160,753
Business-Type Activities	1,595	(3,518)	(11,374)	(7,656)	14,879	987	619
Total District	<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>	<u>\$ 161,372</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 seven 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 SEVEN FISCAL YEARS**

(Unaudited)
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	\$ 330,087	\$ 69,676	\$ 273,700	\$ 102,749	\$ 218,376	\$ 493,163	\$ 499,997
Unreserved	464,703	315,505	167,599	139,887	404,841	165,798	153,110
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>	<u>\$ 653,107</u>
All Other Governmental Funds							
Reserved	\$ 186,634	\$ 130,308				\$ 103,817	
Unreserved	(23,600)	(40,506)	6,921	6,921	6,921	(8,516)	80,789
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>	<u>\$ 80,789</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 seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

	2004	2005	2006	2007	2008	2009	2010
Revenues							
Property Tax Levy	\$ 11,554,592	\$ 12,368,457	\$ 13,414,875	\$ 13,866,858	\$ 14,488,221	\$ 14,877,413	\$ 15,331,910
Transportation Fees	34,870	42,363	42,853	74,708	118,587	111,531	130,101
Tuition							64,462
Interest Earnings	52,275	22,755	25,864	33,880	19,425	11,786	4,256
Miscellaneous	10,431	30,242	79,708	175,765	155,078	204,151	201,954
State Sources	3,525,231	1,982,174	2,074,304	2,524,684	2,596,142	1,871,212	2,090,671
Federal Sources	173,232	210,125	250,227	278,920	250,000	252,880	434,267
Total Revenue	15,350,631	14,656,116	15,887,831	16,954,815	17,627,453	17,328,973	18,257,621
Expenditures							
Instruction							
Regular Instruction	5,487,472	5,513,212	5,736,178	6,568,515	6,682,753	6,555,456	6,836,216
Special Education Instruction	1,798,502	2,494,494	2,532,878	2,619,972	2,312,188	2,300,513	2,702,338
Other instruction	83,181	70,221	69,663	83,439	80,730	67,043	108,418
School Sponsored Activities/Athletics	161,082	128,311	139,489	139,328	150,045	148,318	148,955
Support Services:							
Student and Inst. Related Services	1,578,352	1,844,327	2,232,447	2,417,696	2,424,803	2,541,151	2,637,425
General Administrative Services	688,285	537,630	621,725	499,724	521,582	512,323	564,222
School Administrative Services	810,201	641,633	690,572	777,949	925,334	931,646	1,002,152
Central Services/Business Services	323,466	249,263	292,790	405,815	339,488	344,484	353,430
Plant Operations and Maintenance	1,179,549	1,407,771	1,321,457	1,355,354	1,661,143	1,743,922	1,787,291
Pupil Transportation	602,009	728,077	762,817	967,724	865,900	762,550	762,901
Capital Outlay	9,304,105	430,206	502,537	155,500	189,189	140,813	301,461
Debt Service							
Principal	350,000	552,885	541,947	584,612	590,475	637,196	668,184
Interest and Other Charges	644,580	674,513	672,131	577,850	549,821	519,434	404,994
Cost of Issuance							101,880
Payment to Escrow Account							662,153
Total Expenditures	23,010,784	15,272,543	16,116,631	17,153,478	17,293,451	17,204,849	19,042,020
Excess (Deficiency) of Revenues							
Over (Under) Expenditures	(7,660,153)	(616,427)	(228,800)	(198,663)	334,002	124,124	(784,399)
Other Financing sources (uses)							
Capital Leases	107,045	101,062	181,986		60,641		9,185,000
Refunding Bond Proceeds							679,033
Premium on Notes/Bonds	17,537	32,524	20,051				(9,100,000)
Bonds Refunded							19,363
Transfers In	51,808	136,308	26,024	12,753	2,794	107,526	(19,363)
Transfers Out	(51,808)	(136,308)	(26,024)	(12,753)	(16,856)	(107,526)	(19,363)
Total Other Financing Sources (Uses)	124,582	133,586	202,037	-	46,579	-	764,033
Net Change in Fund Balances	\$ (7,535,571)	\$ (482,841)	\$ (26,763)	\$ (198,663)	\$ 380,581	\$ 124,124	\$ (20,366)
Debt Service as a Percentage of							
Noncapital Expenditures	7.26%	8.27%	7.78%	6.84%	6.67%	6.78%	9.80%

* Noncapital expenditures are total expenditures less capital outlay.

Note:

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

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

Fiscal Year Ended <u>June 30,</u>	<u>Interest</u>	<u>Tuition</u>	<u>Transportation Fees</u>	<u>Prior Year Reimbursements</u>	<u>Insurance Refunds</u>	<u>Prior Year Orders Canceled</u>	<u>Cancel Old Outstanding Checks</u>	<u>Facility Use</u>	<u>E-Rate</u>	<u>Benefit Share</u>	<u>Miscellaneous</u>	<u>Total</u>
2001	\$ 35,546	\$ 54,723				\$ 10,390					\$ 1,234	\$ 101,893
2002	29,327	12,998				46,634	\$ 19,745				48,726	157,430
2003	20,539	21,200	\$ 35,216								19,249	96,204
2004	18,004		34,870								10,431	63,305
2005	19,802		42,363	\$ 15,117		568	1,539				13,018	92,407
2006	19,891		42,853	8,030		15,340					16,338	102,452
2007	21,127		74,708	41,143	\$ 86,268				\$ 10,897		28,205	262,348
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
2010	4,053	64,462	130,101	15,156	976			40,734	16,085	\$ 37,676	33,203	342,446

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

Calendar Year	Vacant Land	Residential	Firm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct Local School Tax Rate*
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	3,158,254,479	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	3,278,877,905	0.44
2008	64,246,500	1,989,080,900	716,800	119,800	917,460,600	178,344,300	159,770,700	3,309,739,600	4,687,591	3,314,427,191	3,236,762,545	0.45
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	3,332,562,174	0.47
2010	128,843,700	2,047,551,750	748,300	119,800	887,116,700	101,302,400	151,215,500	3,316,900,150	4,901,700	3,321,801,850		

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		
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	
2010	0.47	0.21	0.35	0.23	1.25	

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)**

<u>Taxpayer</u>	<u>2010</u>		<u>2001</u>	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Park Ave Realty			\$ 77,358,100	5.16%
Exxon Research & Engineering Company			69,800,000	4.66%
Rock Florham LLC			51,368,000	3.43%
KBSII 100-200 Campus Drive LLC			50,214,600	3.35%
KBS11 300-600 Campus Drive LLC	\$ 108,017,200	3.26%		
Koll Bran			36,417,900	2.43%
Avalonbay Communities			33,478,100	2.23%
KBSII 100-200 Campus Drive LLC	73,000,000	2.20%		
Wells Reit II	69,600,000	2.10%		
Dolce/Aew Properties			28,944,400	1.93%
Avalonbay Communities	63,369,000	1.91%		
Rock - GW LLC	63,200,700	1.91%		
Campus Dr. LLC			27,032,800	1.80%
Prudential Ins. Co.			19,200,000	1.71%
Sun Valley Plaza LLC	46,245,600	1.39%		
LH Florham Holding	43,000,000	1.30%		
Rock Florham LLC			25,587,600	1.28%
KBSII 100-200 Campus Drive LLC	37,283,200	1.12%		
Advance At Park Place LLC	34,865,300	1.05%		
LFT Real Estate	33,900,000	1.02%		
	<u>\$ 572,481,000</u>	<u>17.26%</u>	<u>\$ 419,401,500</u>	<u>27.98%</u>

Source: Municipal Tax Assessor

**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	
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%	-
2010	15,331,910	15,331,910	100%	-

**FLORHAM PARK BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SIX 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		12,467	\$ 1,288	
2006	12,460,000	337,765	2,607,404	15,405,169		12,373	1,245	
2007	11,975,000	238,153	568,093	12,781,246		12,298	1,039	
2008	11,460,000	223,319	-	11,683,319		12,355	946	
2009	10,915,000	131,123	-	11,046,123		12,347	895	
2010	10,425,000	37,939	-	10,462,939		12,347 (E)	847	

(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 six 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			
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	1,101
2004	13,360,000		13,360,000	0.84	1,074
2005	12,920,000		12,920,000	0.81	1,036
2006	12,460,000		12,460,000	0.38	1,007
2007	11,975,000		11,975,000	0.36	974
2008	11,460,000		11,460,000	0.35	928
2009	10,915,000		10,915,000	0.33	884
2010	10,425,000		10,425,000	0.31	844

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, 2009
(Unaudited)**

Total Debt

Municipal Debt: (1)	
Florham Park Board of Education (as of June 30, 2010)	\$ 10,425,000
Regional High School - Florham Park's Share	8,053,128
Borough of Florham Park	<u>34,264,669</u>
	<u>52,742,797</u>
Overlapping Debt Apportioned to the Municipality:	
Morris County: (2)	
County of Morris (A)	<u>8,260,605</u>
	<u>8,260,605</u>
 Total Direct and Overlapping Debt	 <u>\$ 61,003,402</u>

Source:

- (1) Borough of Florham Park's 2009 Annual Debt Statement
- (2) Morris County's 2009 Annual Debt Statement
- (A) The debt for this entity was apportioned by dividing the municipality's 2009 equalized value by the total 2009 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 2010

Equalized valuation basis	
2007	\$ 3,275,219,850
2008	3,329,717,907
2009	3,306,029,230
	<u>\$ 9,910,966,987</u>
Average equalized valuation of taxable property	<u>\$ 3,303,655,662</u>
Debt limit (3 % of average equalization value)	\$ 99,109,670
Total Net Debt Applicable to Limit	<u>10,425,000</u>
Legal debt margin	<u>\$ 88,684,670</u>

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009
Debt limit	\$ 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	\$ 99,109,670
Total net debt applicable to limit	<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>	<u>10,425,000</u>
Legal debt margin	<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>	<u>\$ 88,684,670</u>
Total net debt applicable to the limit as a percentage of debt limit	7.11%	31.49%	27.27%	23.45%	20.05%	15.54%	13.49%	12.29%	11.24%	10.52%

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>
2001	12,212	\$ 50,673	2.9%
2002	12,207	56,535	4.4%
2003	12,448	57,018	4.5%
2004	12,444	61,101	3.6%
2005	12,467	63,297	2.8%
2006	12,373	68,364	2.7%
2007	12,298	71,300	2.4%
2008	12,355	71,812	3.2%
2009	12,347	N/A	5.6%
2010	12,347 (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>2010</u>		<u>2001</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 SIX FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Instruction	97.5	97.3	104.2	104.5	105.5	106.0
Support Services						
Student and Instruction Related Services	22.0	23.5	23.6	23.6	24.6	24.6
General Administration	3.0	2.2	2.2	2.2	2.2	2.0
School Administrative Services	6.0	6.0	6.0	7.0	7.0	7.0
Central Services	3.0	3.0	3.0	2.8	2.8	2.8
Plant Operations and Maintenance	12.0	10.4	10.4	10.7	10.7	11.3
Pupil Transportation	5.5	6.4	12.0	12.5	13.5	13.5
Total	<u>149.0</u>	<u>148.8</u>	<u>161.4</u>	<u>163.3</u>	<u>166.3</u>	<u>167.2</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 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
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	Teacher/Student Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2001	779	\$ 9,824,704	\$ 12,612	#DIV/0!	75	1:10	1:9	779	746	#DIV/0!	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%
2010	1,041	16,903,348	16,238	6.87%	87	1:12	1:12	1,037	994	0.88%	95.85%

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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>District Building</u>										
<u>Elementary</u>										
Brooklake										
Square Feet	36,700	36,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700
Enrollment						339	335	350	350	346
Briarwood										
Square Feet	37,100	37,100	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Enrollment						340	343	361	350	365
<u>Middle School</u>										
Ridgetale										
Square Feet	55,100	55,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100
Enrollment							314	320	343	331

Number of Schools at June 30, 2010

Elementary = 2

Middle School = 1

3

Source: District Records

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

Undistributed Expenditures - Required Maintenance for School Facilities 11-000-261-xxx	Project Nos.	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Brooklake Elementary School	N/A	\$ 110,290	\$ 105,761	\$ 43,042	\$ 55,165	\$ 79,746	\$ 85,752	\$ 79,347	\$ 87,876	\$ 80,795	\$ 78,381
Briarwood Elementary School	N/A	109,141	104,660	49,198	33,869	60,084	91,908	85,043	85,300	113,747	70,827
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>	<u>147,412</u>
Total School Facilities		<u>\$ 382,952</u>	<u>\$ 367,227</u>	<u>\$ 144,735</u>	<u>\$ 163,623</u>	<u>\$ 203,261</u>	<u>\$ 262,135</u>	<u>\$ 242,555</u>	<u>\$ 304,574</u>	<u>\$ 329,579</u>	<u>\$ 296,620</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, 2010
(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	50,000,000	
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

THIS PAGE INTENTIONALLY LEFT BLANK

SINGLE AUDIT SECTION

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
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, 2010, which collectively comprise the Florham Park Board of Education's basic financial statements and have issued our report thereon dated October 22, 2010. 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'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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Florham Park Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

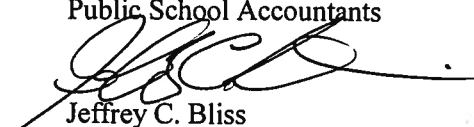
As part of obtaining reasonable assurance about whether the Florham Park Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have 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.

However, we noted certain matters that we have reported to management of the Florham Park Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 22, 2010.

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 federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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
October 22, 2010

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

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

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

Compliance

We have audited the Florham Park Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Florham Park Board of Education's major state programs for the fiscal year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-2.

Internal Control Over Compliance

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

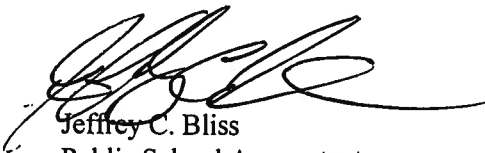
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state program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

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

The Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's responses and, accordingly, we express no opinion on the responses.

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
 October 22, 2010

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2009	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	June 30, 2010 (Account Receivable)	Deferred Revenue	Due to Grantor at June 30, 2010	MEMO GAAP Receivable		
10.556	N/A	7/1/09-6/30/10	\$ 6,954	\$ (1,640)	-	\$ 6,385	\$ 6,954	-	\$ (569)	-	-	\$ (569)		
10.556	N/A	7/1/08-6/30/09	8,256	-	-	1,640	-	-	-	-	-	-		
Total U.S. Department of Agriculture														
U.S. Department of Education														
Passed-through State Department of Education														
84.281A	NCLB153008	9/1/09-8/31/10	28,866	(15,129)	-	24,366	28,866	-	(4,500)	\$ 6,979	-	(4,500)		
84.281A	NCLB153008	9/1/08-8/31/09	22,108	-	-	22,108	-	-	(101)	101	-	-		
84.365	NCLB153004	9/1/09-8/31/10	2,162	(1,872)	-	2,061	2,061	-	-	-	-	-		
84.365	NCLB153004	9/1/08-8/31/09	1,878	285	-	1,872	-	-	-	-	\$ 285	(419)		
84.365	NCLB153004	9/1/03-8/31/04	1,353	-	-	-	-	-	-	-	-	-		
84.186A	NCLB153008	9/1/09-8/31/10	2,149	(7,160)	-	1,449	1,868	-	(700)	281	-	(419)		
84.186A	NCLB153008	9/1/08-8/31/09	8,392	-	-	8,392	-	-	-	1,232	-	-		
84.298	NCLB153008	9/1/07-8/31/08	4,534	256	-	-	-	-	-	-	256	-		
84.298	NCLB153007	9/1/06-8/31/07	1,600	1,600	-	-	-	-	-	-	1,600	-		
84.298	NCLB153004	9/1/03-8/31/04	4,506	101	-	-	-	-	-	-	101	-		
84.027A	FT-1530-08	9/1/08-8/31/09	208,291	(214,251)	-	100,567	207,715	-	(107,724)	576	-	(107,148)		
84.027A	FT-1530-08	9/1/08-8/31/09	215,599	-	-	215,599	-	-	-	1,348	-	-		
84.027A	PS-1530-08	9/1/09-8/31/10	8,508	(8,517)	-	5,381	8,508	-	(3,127)	80	-	(3,127)		
84.027A	PS-1530-08	9/1/08-8/31/09	8,597	427	-	8,597	-	-	-	-	427	-		
84.027A	PS-1530-05	9/1/04-8/31/05	8,108	-	-	-	-	-	-	-	-	-		
84.391	ARRA Basic	9/1/09-8/31/10	235,164	-	-	153,543	180,605	-	(81,621)	54,559	-	(27,062)		
84.392	ARRA Preschool	9/1/09-8/31/10	8,512	-	-	-	4,644	-	(8,512)	3,868	-	(4,644)		
Total U.S. Department of Education														
Total														
											\$ (244,260)	2,669	(146,900)	
											\$ (245,900)	\$ 441,221	\$ (206,854)	\$ (147,469)

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

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, 2010**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2009	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	(Accounts Receivable)	June 30, 2010 Deferred Revenue	Due to Grantor	MEMO		
												GAAP Receivable	Combined Total Expenditures	
State Department of Education														
General Fund:														
Special Education Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	\$ 535,914			\$ 479,540	\$ 535,914		\$ (56,374)				\$ 535,914	
Special Education Aid	09-495-034-5120-089	7/1/08-6/30/09	597,477	\$ (46,687)		46,687								
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	103,133			92,284	103,133		(10,849)				103,133	
Security Aid	09-495-034-5120-084	7/1/08-6/30/09	145,706	(11,386)		11,386								
Additional Non Public Transportation Aid	10-495-034-5120-084	7/1/09-6/30/10	52,336	(6,142)		46,831	52,336		(5,505)				52,336	
Additional Non Public Transportation Aid	N/A	7/1/08-6/30/09	29,579			6,142								
Additional Non Public Transportation Aid	N/A	7/1/09-6/30/10	8,820	(13,793)		13,793	8,820		(8,820)				8,820	
Extraordinary Special Education Costs Aid	10-495-034-5120-473	7/1/08-6/30/10	13,793											
Extraordinary Special Education Costs Aid	09-495-034-5120-473	7/1/09-6/30/09	224,281	(222,758)		222,758	224,281		(224,281)				224,281	
TPAF Social Security Contributions	10-495-034-5095-002	7/1/09-6/30/10	543,707	(25,839)		516,799	543,707		(26,908)				543,707	
TPAF Social Security Contributions	09-495-034-5095-002	7/1/08-6/30/09	528,735			25,839								
TPAF Pension Contribution	10-100-034-5095-006	7/1/09-6/30/10	26,880			26,880	26,880						26,880	
TPAF Pension Post Retirement Medical	10-100-034-5095-001	7/1/09-6/30/10	504,853			504,853	504,853						504,853	
Total General Fund				<u>(326,605)</u>		<u>1,993,792</u>	<u>1,999,924</u>		<u>(332,737)</u>				<u>(35,728)</u>	<u>1,999,924</u>
Special Revenue Fund:														
New Jersey Nonpublic Aid														
Auxiliary Services														
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	19,193			19,193	8,637				\$ 10,556		8,637	
ESL	09-100-034-5120-067	7/1/08-6/30/09	13,935	9,854				\$ 9,854						
Handicapped Services	10-100-034-5120-067	7/1/09-6/30/10	3,915			3,915	979				2,936		979	
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	7,174			7,174	4,394				2,780		4,394	
Examination and Classification	09-100-034-5120-066	7/1/08-6/30/09	5,580	2,139				2,139						
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	17,910			17,910	9,317				8,593		9,317	
Examination and Classification	09-100-034-5120-066	7/1/08-6/30/09	13,269	8,337				8,337						
Supplemental Instruction	10-100-034-5120-066	7/1/09-6/30/10	10,354			10,354	5,814				4,540		5,814	
Supplemental Instruction	09-100-034-5120-066	7/1/08-6/30/09	9,086	3,304				3,304						
Nursing	10-100-034-5120-070	7/1/09-6/30/10	10,113			10,113	10,113				25		10,113	
Textbooks	10-100-034-5120-064	7/1/09-6/30/10	8,528			8,528	8,503						8,503	
Total Special Revenue Fund				<u>23,634</u>		<u>77,187</u>	<u>47,757</u>	<u>23,634</u>			<u>29,430</u>			<u>47,757</u>
School Development Authority														
Capital Projects Fund														
Educational Facilities Construction														
and Financing Act of 2000														
Ridgely MS Roof	SP1530-030-09-1001	N/A	65,988	(2,240)		55,266	53,026						55,266	
Total Economic Development Authority				<u>(2,240)</u>		<u>55,266</u>	<u>53,026</u>							<u>55,266</u>
Total State Financial Assistance				<u>(305,211)</u>		<u>2,126,245</u>	<u>2,100,707</u>	<u>23,634</u>	<u>(332,737)</u>		<u>29,430</u>		<u>(35,728)</u>	<u>2,102,947</u>
State Financial Assistance Not Subject to Single Audit Determination														
General Fund														
TPAF Pension Contributions - Normal Cost	10-100-034-5095-006	7/1/09-6/30/10	22,698			(26,880)	(26,880)						(26,880)	
TPAF Post Retirement Medical Contributions	10-100-034-5095-001	7/1/09-6/30/10	433,029			(504,853)	(504,853)						(504,853)	
Total State Financial Assistance Subject to Single Audit Determination				<u>(305,211)</u>		<u>1,594,512</u>	<u>1,568,974</u>	<u>23,634</u>	<u>(332,737)</u>		<u>29,430</u>		<u>(35,728)</u>	<u>1,571,214</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, 2010**

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$10,036 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 as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,989,888	\$ 1,989,888
Special Revenue Fund	\$ 434,267	47,757	482,024
Capital Projects Fund		53,026	53,026
Food Service Fund	6,954	-	6,954
	<u> </u>	<u> </u>	<u> </u>
Total Financial Assistance	<u>\$ 441,221</u>	<u>\$ 2,090,671</u>	<u>\$ 2,531,892</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, 2010**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$543,707 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010. The amount reported as TPAF Pension System Contributions in the amount of \$26,880 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$504,853 represents the amount paid by the State on behalf of the District for the year ended June 30, 2010.

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.

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010**

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? X yes no

Identification of major state programs:

GMIS Number(s)	Name of State Program
10-495-034-5120-089	Special Education Aid
10-495-034-5120-084	Security Aid
10-495-034-5095-002	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, 2010**

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, 2010

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, 2010**

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

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

CURRENT YEAR STATE AWARDS

Finding 2010-1

Our audit of the travel and expense reimbursements revealed that certain mileage reimbursements were not supported by calculation of miles traveled or reimbursement rates applied. Certain conferences, workshops and seminars were not pre-approved in minutes.

State program information:

Special Education Aid	10-495-034-5120-089
Security Aid	10-495-034-5120-085

Criteria or specific requirement:

State Grant Compliance Supplement State Aid – Public

Condition:

See Finding.

Questioned Costs:

Unknown.

Context:

Certain travel expense reimbursements tested were not accompanied by supporting calculations for mileage reimbursements made and certain conferences, workshops and seminars attended were not pre-approved in the minutes.

Effect:

Travel expenses are not in compliance with Board and State policy.

Recommendation:

Continued efforts be made to ensure all travel and related expense reimbursements are made in accordance with the District travel policy and state guidelines.

Management's Response

Management has reviewed this finding and has indicated corrective action will be taken.

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

CURRENT YEAR STATE AWARDS

Finding 2010-2

The audit revealed that vendors were paid in excess of the bid threshold for the purchase of various goods and services, where no public advertising for bids were obtained, or where state contract vendors were not approved by Board resolution.

State program information:

Special Education Aid	10-495-034-5120-089
Security Aid	10-495-034-5120-084

Criteria or specific requirement:

NJ Department of Education – Grant Compliance Supplement
Public School Contracts Law 18A:18A-5(9).

Condition:

Computer equipment and networking services which exceeded the bid threshold of \$29,000 were either not publicly advertised for bids, or state contracts were not awarded and approved by formal Board resolution.

Questioned Costs:

Undeterminable.

Context:

Two (2) vendors' services were procured under a state contract but were not approved by Board resolution, and one (1) vendor's service had no state contract and was not publicly advertised.

Effect:

Noncompliance with Public School Contracts Law.

Recommendation:

Greater care be exercised to ensure public advertising for bids is sought for all required purchases and all state contract purchases be approved by Board resolution.

Management's Response

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