

FLORHAM PARK BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012**

**Prepared by
Business Office**

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INTRODUCTORY SECTION



Florham Park Public Schools

ADMINISTRATIVE OFFICES

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

973-822-3880

973-822-0867 Superintendent FAX

973-822-0716 Business Office FAX

WILLIAM RONZITTI, Ph.D.
Superintendent of Schools

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

September 24, 2012

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 Board of Education (the Board or District) for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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. The District'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 basic financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information generally presented on a multi-year basis.

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

1. REPORTING ENTITY AND ITS SERVICES

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular and special education for handicapped youngsters. The District completed FY 2011/2012 with an average daily enrollment of 1,026. 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>
2011/12	1,026	-0.10%
2010/11	1,027	0.96%
2009/10	1,037	0.88%
2008/09	1,028	-0.19%
2007/08	1,030	3.21%
2006/07	998	0.50%
2005/06	993	2.90%
2004/05	965	3.65%
2003/04	931	0.32%
2002/03	928	10.74%

2. ECONOMIC CONDITION AND OUTLOOK

Florham Park remains financially healthy. The District is currently carrying a 2.0% unassigned budgetary basis fund balance of the net budget to provide future funding for a loss of State Aid, to fund emergency projects, and to provide necessary reserves for future contingencies. In addition, the District has also established an Emergency Reserve for future increases in health care premiums and other permitted unforeseen and unbudgeted emergencies as well as a Capital Reserve for the local funding portion of future capital projects contained the district's Long Range Facility Plan.

3. MAJOR INITIATIVES

The District continues to meet its educational challenges, through 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.

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 and summer recess. 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 and the iReady program. 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 2011/2012 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 assigned fund balance at June 30, 2012.

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 Basic Financial Statements".

7. DEBT ADMINISTRATION

At June 30, 2012 the District had \$9,115,000 in General Obligation Bonds outstanding. The proceeds of these bonds were used to provide funds for major 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 the Basic Financial Statements". 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

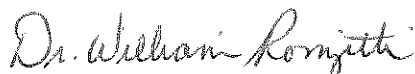
Independent Audit – State statute requires an annual audit by independent certified public accountants or registered municipal accounts. The Board's Finance Committee selected the accounting firm of Lerch Vinci & Higgins, LLP, CPA's. In addition to meeting the requirements as set forth in State statutes,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

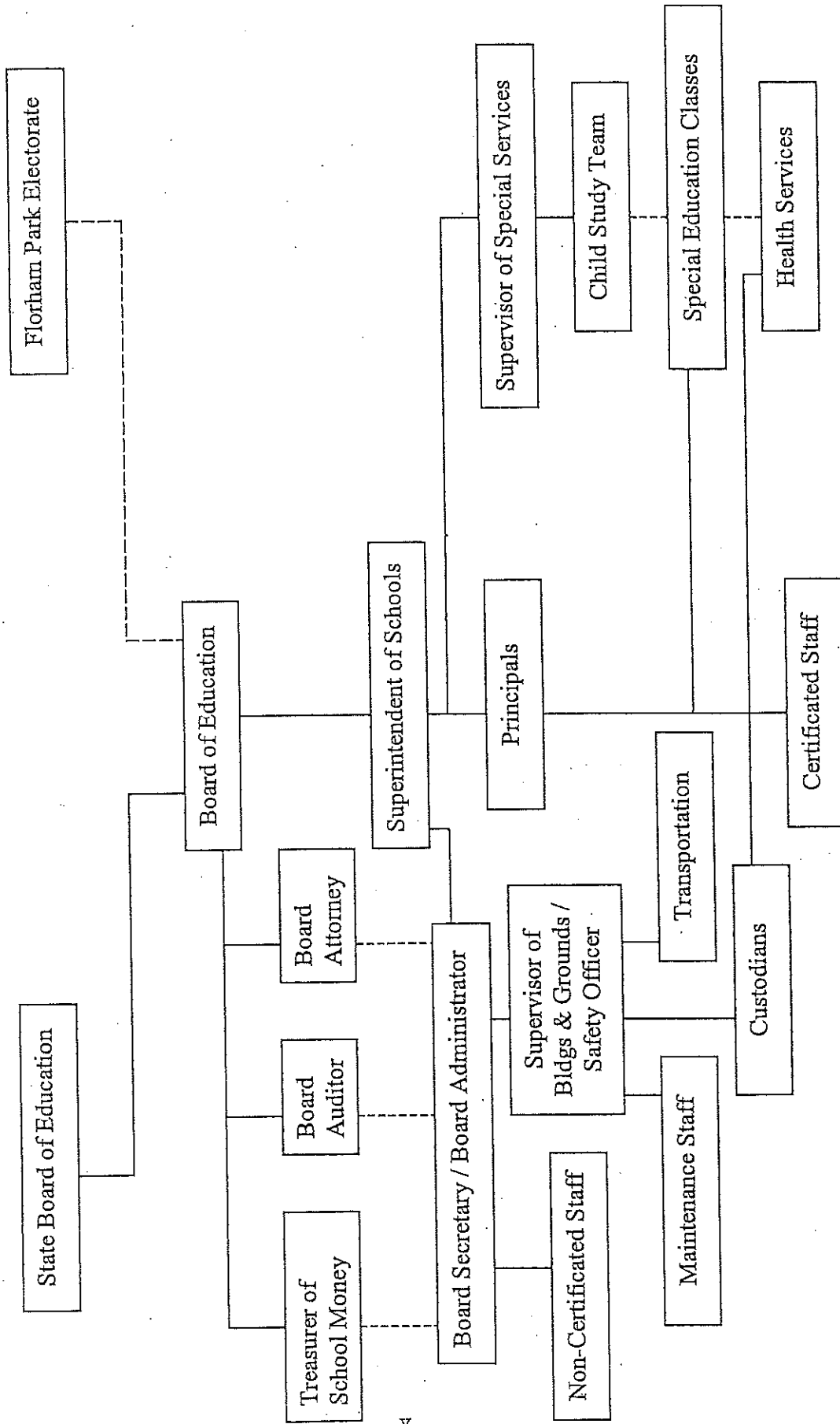


William Ronzitti, Ph.D.
Superintendent of Schools



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, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Kevin DeCoursey, President	2013
Dr. John Carollo, Vice President	2013
John Gaffney	2012
Linda Michalowski	2012
Marianne Haynes	2013
Patrick Montuore	2014
Joanne Greene Tobias	2014

Other Officials

Dr. William Ronzitti, Superintendent

John R. Csatlos, Business Administrator/Board Secretary

Raymond G. Karaty, Treasurer

FLORHAM PARK BOARD OF EDUCATION

FLORHAM PARK, NEW JERSEY

CONSULTANTS AND ADVISORS

ATTORNEY

Mathew J. Giacobbe, Esq.
Cleary, Giacobbe, Alfieri & Jacobs, LLC
5 Ravine Drive
Matawan, New Jersey 07747

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

Valley National Bank
Florham Park, New Jersey 07932

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 K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S 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, 2012, 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. An audit also includes 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 previously 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Florham Park Board of Education's basic financial statements as a whole. The 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. 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 also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants


Jeffrey C. Bliss

Public School Accountant

PSA Number CS00932

Fair Lawn, New Jersey
September 24, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2012

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, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

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 (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2011-2012 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 \$7,775,711. (Net Assets)
- The District's total net assets increased by \$490,887.
- Overall District revenues were \$18,425,168. General revenues accounted for \$15,837,630 or 86% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,587,538 or 14% of total revenues.
- The school district had \$17,920,689 in expenses for governmental activities; only \$2,575,388 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$15,837,630 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 \$1,328,947. Of this amount, \$238,004 (18%) is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2012 was \$1,328,947, an increase of \$498,889 compared to the ending fund balance at June 30, 2011 of \$830,058.
- The General Fund unassigned budgetary fund balance at June 30, 2012 was \$375,000, which represents an increase of \$76,853 compared to the ending unassigned budgetary fund balance at June 30, 2011 of \$298,147.

FLORHAM PARK BOARD OF EDUCATION

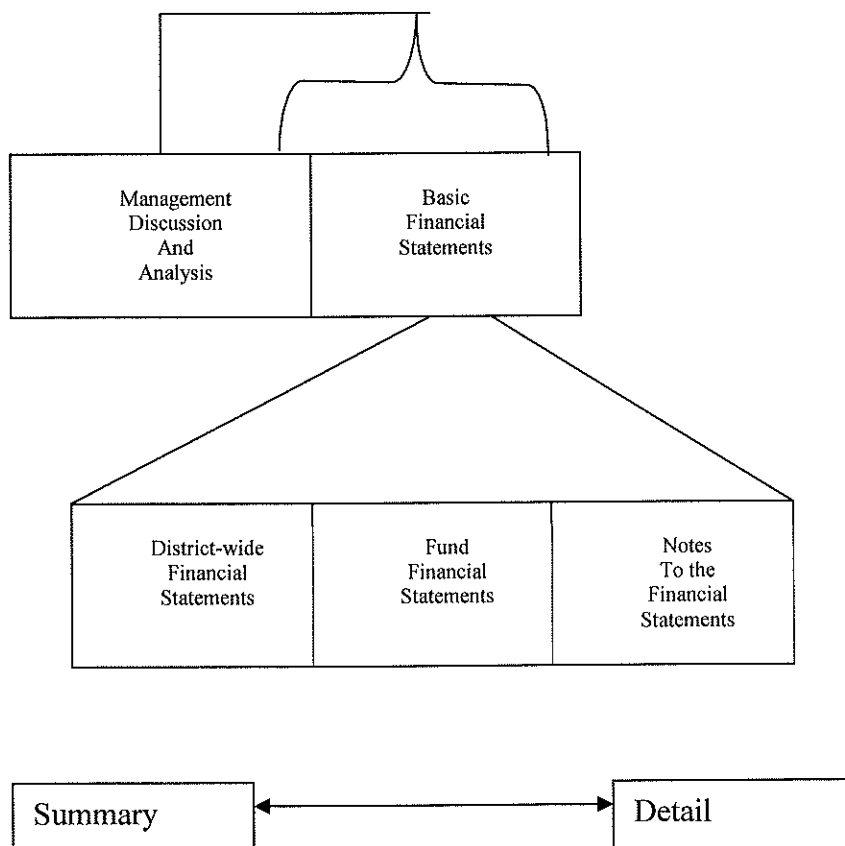
Management's Discussion and Analysis Fiscal Year Ended June 30, 2012

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 Fiscal Year Ended June 30, 2012

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

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the District's assets and liabilities. All of the current year's 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 Fiscal Year Ended June 30, 2012

- 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 Fiscal Year Ended June 30, 2012

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 \$7,775,711 and \$7,284,824 on June 30, 2012 and 2011, respectively as follows:

Net Assets As of June 30, 2012 and 2011						
	Governmental Activities		Business- Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current Assets	\$ 1,436,784	\$ 964,791			\$ 1,436,784	\$ 964,791
Capital Assets	15,953,249	16,613,865	\$ 9,412	\$ 4,730	15,962,661	16,618,595
Total Assets	17,390,033	17,578,656	9,412	4,730	17,399,445	17,583,386
Long-Term Liabilities	9,427,282	10,074,267			9,427,282	10,074,267
Other Liabilities	196,452	224,295	-	-	196,452	224,295
Total Liabilities	9,623,734	10,298,562	-	-	9,623,734	10,298,562
Net Assets						
Invested in Capital Assets, net of related debt	6,900,442	6,900,734	9,412	4,730	6,909,854	6,905,464
Restricted	664,955	384,597			664,955	384,597
Unrestricted	200,902	(5,237)	-	-	200,902	(5,237)
Total Net Assets	\$ 7,766,299	\$ 7,280,094	\$ 9,412	\$ 4,730	\$ 7,775,711	\$ 7,284,824

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. Restricted net assets represent amounts reserved for specific purposes by outside parties. Unrestricted net assets represent amounts available to the government that are neither restricted nor invested in capital assets.

The District's total net assets of \$7,775,711 at June 30, 2012 represent a \$490,887 or 7%, increase from the prior year. The following presents the changes in net assets for the fiscal years ended June 30, 2012 and 2011.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2012

Change in Net Assets For The Fiscal Years Ended June 30, 2012 and 2011

	Governmental Activities		Business- Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for Services	\$ 460,855	\$ 194,366	\$ 12,150	\$ 8,413	\$ 473,005	\$ 202,779
Operating Grants and Contributions	2,114,533	1,724,411		2,725	2,114,533	1,727,136
Capital Grants and Contributions		14,100			-	14,100
General Revenues						
Property Taxes	15,803,677	15,573,483			15,803,677	15,573,483
Other	33,953	119,523	-	-	33,953	119,523
Total Revenues	18,413,018	17,625,883	12,150	11,138	18,425,168	17,637,021
Expenses						
Instruction						
Regular	6,260,670	6,277,653			6,260,670	6,277,653
Special Education	2,980,703	2,602,610			2,980,703	2,602,610
Other Instruction	213,722	141,708			213,722	141,708
School Sponsored Activities and Athletics	156,927	148,770			156,927	148,770
Support Services						
Student and Instruction Related Services	2,711,681	2,493,443			2,711,681	2,493,443
General Administrative Services	605,472	608,928			605,472	608,928
School Administrative Services	1,084,544	1,061,376			1,084,544	1,061,376
Central Services	395,547	365,831			395,547	365,831
Plant Operations and Maintenance	2,255,376	2,508,052			2,255,376	2,508,052
Pupil Transportation	900,848	816,834			900,848	816,834
Interest on Debt	355,199	383,267			355,199	383,267
Food Services	-	-	13,592	13,708	13,592	13,708
Total Expenses	17,920,689	17,408,472	13,592	13,708	17,934,281	17,422,180
Increase (Decrease) in Net Assets Before Transfers	492,329	217,411	(1,442)	(2,570)	490,887	214,841
Transfers	(6,124)	(2,186)	6,124	2,186	-	-
Increase (Decrease) in Net Assets	486,205	215,225	4,682	(384)	490,887	214,841
Net Assets, Beginning of Year	7,280,094	7,064,869	4,730	5,114	7,284,824	7,069,983
Net Assets, End of Year	\$ 7,766,299	\$ 7,280,094	\$ 9,412	\$ 4,730	\$ 7,775,711	\$ 7,284,824

FLORHAM PARK BOARD OF EDUCATION

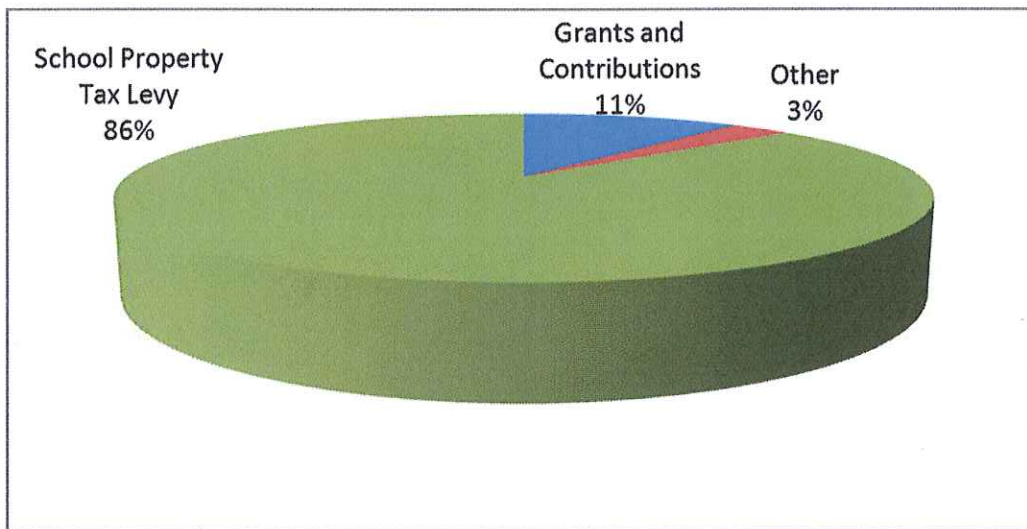
Management's Discussion and Analysis Fiscal Year Ended June 30, 2012

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$18,413,018 for the fiscal year ended June 30, 2012, property taxes of \$15,803,677 represented 86% of revenues. Another significant portion of revenues came from grants and contributions which totaled \$2,114,533 and represented 11% of revenues. In addition, charges for services from tuition and transportation fees and general revenue from miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 3% of revenues.

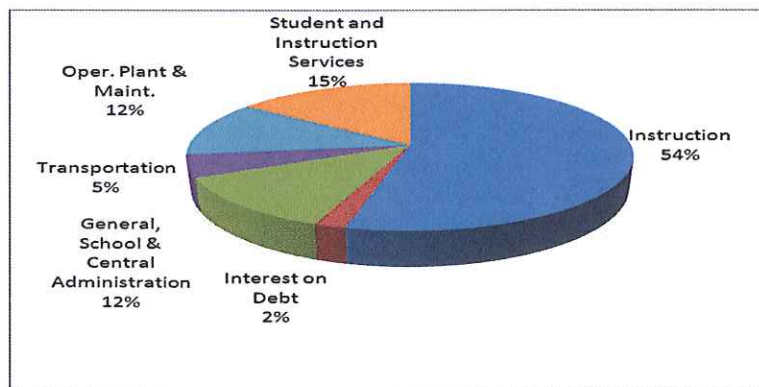
The total cost of all governmental activities programs and services was \$17,920,689 for the fiscal year ended June 30, 2012. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$9,612,022 (54%) of total expenses. Student support services costs were \$7,953,468 (44%) of total expenses and interest on debt totaled \$355,199 (2%) of total expenses.

For fiscal year 2012, total governmental activities revenues exceeded expenses increasing net assets for governmental activities by \$486,205 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2012



Expenses by Use – Governmental Activities
For Fiscal Year 2012



FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2012

Net Cost of Governmental Activities. The District's total cost of services was \$17,920,689. After applying program revenues, derived from operating and capital grants and contributions of \$2,114,533, and charges for services of \$460,855, the net cost of services of the District is \$15,345,301 for the fiscal year ended June 30, 2012.

Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2012 and 2011

	Total Cost of Services		Net Cost of Services	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction				
Regular	\$ 6,260,670	\$ 6,277,653	\$ 5,401,491	\$ 5,592,898
Special Education	2,980,703	2,602,610	1,860,674	1,862,939
Other Instruction	213,722	141,708	184,578	128,415
School Sponsored Activities and Athletics	156,927	148,770	156,927	148,770
Support Services				
Student and Instruction Related Services	2,711,681	2,493,443	2,368,998	2,236,802
General Administrative Services	605,472	608,928	605,472	608,928
School Administrative Services	1,084,544	1,061,376	994,650	985,498
Central Services	395,547	365,831	373,679	347,360
Plant Operations and Maintenance	2,255,376	2,508,052	2,255,376	2,502,547
Pupil Transportation	900,848	816,834	788,257	678,171
Interest on Debt	355,199	383,267	355,199	383,267
Total	<u>\$ 17,920,689</u>	<u>\$ 17,408,472</u>	<u>\$ 15,345,301</u>	<u>\$ 15,475,595</u>

Business-Type Activities – The District's total business-type activities revenues were \$12,150 for the fiscal year ended June 30, 2012. Charges for services accounted for 100% of total revenues.

Total cost of all business-type activities programs and services was \$13,592 for the fiscal year ended June 30, 2012.

There were transfers of \$6,124 from governmental activities during the year.

For fiscal year 2012, total business-type activities revenues and transfers in exceeded expenses, increasing net assets by \$4,682 from the previous year.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2012

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 \$1,328,947 at June 30, 2012, an increase of \$498,889 from last year's fund balance of \$830,058. This increase was mainly attributable to revenues which exceeded budget estimates as well as expenditures which were less than amounts budgeted for the 2011/2012 school year.

Revenues for the District's governmental funds were \$18,413,018, while total expenditures were \$17,914,565 for the fiscal year ended June 30, 2012.

GENERAL FUND

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

The following schedule presents a summary of General Fund Revenues.

	<u>Fiscal Year Ended</u>		<u>Amount of</u>	<u>Percent</u>
	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Increase</u>	<u>Change</u>
			<u>(Decrease)</u>	
Local Sources				
Property Taxes	\$ 14,764,011	\$ 14,617,866	\$ 146,145	1%
Other	494,808	313,771	181,037	58%
State Sources	1,696,152	1,359,333	336,819	25%
Federal Sources	28,088	-	28,088	100%
Total General Fund Revenues	<u>\$ 16,983,059</u>	<u>\$ 16,290,970</u>	<u>\$ 692,089</u>	4%

For fiscal year 2012, total General Fund revenues increased \$692,089 or 4% from the previous year. Property taxes increased \$146,145 or 1%. As indicated, State aid increased \$336,819 or 25% mainly due to increases in State categorical aid such as special education aid. Federal aid increased by \$28,088 due to the education jobs aid.

The following schedule presents a summary of General Fund expenditures.

	<u>Fiscal Year Ended</u>		<u>Amount of</u>	<u>Percent</u>
	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Increase</u>	<u>Change</u>
			<u>(Decrease)</u>	
Instruction	\$ 9,269,095	\$ 8,965,125	\$ 303,970	3%
Support Services	7,159,113	7,024,764	134,349	2%
Debt Service		39,608	(39,608)	-100%
Capital Outlay	49,838	82,454	(32,616)	-40%
Total Expenditures	<u>\$ 16,478,046</u>	<u>\$ 16,111,951</u>	<u>\$ 366,095</u>	2%

For fiscal year 2012, total General Fund expenditures increased \$366,095 or 2% from the previous year. Notable increases during the year were attributed to increases in contractual salary requirements and special education tuition costs.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2012

GENERAL FUND (Continued)

In fiscal year 2012 General Fund revenues exceeded expenditures and other financing uses by \$498,889. Therefore, total fund balance increased to \$1,338,947 at June 30, 2012. After deducting restricted and assigned fund balances, the unassigned fund balance increased from \$165,593 at June 30, 2011 to \$238,004 at June 30, 2012. In addition, the District designated fund balance of \$155,288 at year end for use in the subsequent school year's budget compared to none the previous year.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2012, the District had \$15,953,249 invested in land, buildings, furniture, equipment and vehicles for governmental activities. The following is a comparison of the June 30, 2012 and 2011 balances:

Capital Assets as of June 30, 2012 and 2011

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Land	\$ 1,156,663	\$ 1,156,663
Land Improvements	1,369,190	1,369,190
Buildings and Building Improvements	22,402,440	22,352,602
Machinery and Equipment	<u>2,358,562</u>	<u>2,377,562</u>
	27,286,855	27,256,017
Less Accumulated Depreciation	<u>(11,333,606)</u>	<u>(10,642,152)</u>
Total	<u>\$ 15,953,249</u>	<u>\$ 16,613,865</u>

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

LONG TERM LIABILITIES

At June 30, 2012 the District had \$9,414,932 of total outstanding debt. Of this amount, \$9,115,000 is for serial bonds and \$299,932 is for compensated absences. The following is a comparison of the June 30, 2012 and 2011 balances:

Outstanding Long-Term Debt as of June 30, 2012 and 2011

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Serial Bonds	\$ 9,115,000	\$ 9,785,000
Compensated Absences	<u>299,932</u>	<u>274,995</u>
Total	<u>\$ 9,414,932</u>	<u>\$ 10,059,995</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 Fiscal Year Ended June 30, 2012

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 unassigned 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 additional Federal aid.

For fiscal year 2012 General Fund budgetary revenues exceeded budgetary expenditures and other financing uses increasing budgetary fund balance \$503,331 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$76,853, from \$298,147 at June 30, 2011 to \$375,000 at June 30, 2012.

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 2012-2013 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 2012-2013. Budgeted expenditures in the General Fund increased approximately 4% to \$15,878,120 for fiscal year 2012-2013. Overall contractual salary requirements remained relatively unchanged, however, increases in employee benefits and transportation service costs as well as capital outlay construction service costs were the main factors for the increase.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

FLORHAM PARK BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,250,805		\$ 1,250,805
Receivables, net	111,436		111,436
Deferred Charges	74,543		74,543
Capital Assets, Not Being Depreciated	1,156,663		1,156,663
Capital Assets, Being Depreciation, Net	<u>14,796,586</u>	<u>\$ 9,412</u>	<u>14,805,998</u>
Total Assets	<u>17,390,033</u>	<u>9,412</u>	<u>17,399,445</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	14,844		14,844
Payable to Other Governments	9,162		9,162
Accrued Interest Payable	163,158		163,158
Unearned Revenue	9,288		9,288
Noncurrent Liabilities			
Due Within One Year	720,000		720,000
Due Beyond One Year	<u>8,707,282</u>	<u>-</u>	<u>8,707,282</u>
Total Liabilities	<u>9,623,734</u>	<u>-</u>	<u>9,623,734</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,900,442	9,412	6,909,854
Restricted for			
Capital Projects	664,955		664,955
Unrestricted	<u>200,902</u>	<u>-</u>	<u>200,902</u>
Total Net Assets	<u>\$ 7,766,299</u>	<u>\$ 9,412</u>	<u>\$ 7,775,711</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, 2012**

Functions/Programs	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
Governmental Activities							
Instruction							
Regular	\$ 6,260,670	\$ 117,396	\$ 741,783		\$ (5,401,491)		\$ (5,401,491)
Special Education	2,980,703	242,841	877,188		(1,860,674)		(1,860,674)
Other Instruction	213,722		29,144		(184,578)		(184,578)
School Sponsored Activities and Athletics	156,927				(156,927)		(156,927)
Support Services							
Student and Instruction Related Services	2,711,681		342,683		(2,368,998)		(2,368,998)
General Administrative Services	605,472				(605,472)		(605,472)
School Administrative Services	1,084,544		89,894		(994,650)		(994,650)
Central Services	395,547		21,868		(373,679)		(373,679)
Plant Operations and Maintenance	2,255,376				(2,255,376)		(2,255,376)
Pupil Transportation	900,848	100,618	11,973		(788,257)		(788,257)
Interest on Debt	355,199	-	-		(355,199)		(355,199)
Total Governmental Activities	17,920,689	460,855	2,114,533	-	(15,345,301)	-	(15,345,301)
Business-Type Activities							
Food Service							
Total Business-Type Activities	13,592	12,150	-	-	-	(1,442)	(1,442)
Total Primary Government	13,592	12,150	-	-	-	(1,442)	(1,442)
General Revenues							
Taxes	\$ 17,934,281	\$ 473,005	\$ 2,114,533	\$ -	(15,345,301)	(1,442)	(15,346,743)
Property Tax, Levied for General Purposes					14,764,011		14,764,011
Property Tax, Levied for Debt Service					1,039,666		1,039,666
Investment Earnings					6,182		6,182
Miscellaneous Income					27,771		27,771
Transfers					(6,124)	6,124	-
Total General Revenues and Transfers					15,831,506	6,124	15,837,630
Change in Net Assets					486,205	4,682	490,887
Net Assets, Beginning of Year					7,280,094	4,730	7,284,824
Net Assets, End of Year					\$ 7,766,299	\$ 9,412	\$ 7,775,711

FUND FINANCIAL STATEMENTS

**FLORHAM PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,250,805			\$ 1,250,805
Receivables from Other Governments	41,190	\$ 70,029		111,219
Due from Other Funds	50,705	-	-	50,705
	<u>1,342,700</u>	<u>70,029</u>	<u>-</u>	<u>1,412,729</u>
Total Assets	\$ 1,342,700	\$ 70,029	\$ -	\$ 1,412,729
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 12,750	\$ 2,094		\$ 14,844
Due to Other Funds	1,003	49,485		50,488
Payable to State Government		9,162		9,162
Deferred Revenue	-	9,288	-	9,288
	<u>13,753</u>	<u>70,029</u>	<u>-</u>	<u>83,782</u>
Total Liabilities	13,753	70,029	-	83,782
Fund Balances				
Restricted				
Capital Reserve	664,955			664,955
Emergency Reserve	250,000			250,000
Assigned				
Year End Encumbrances	20,700			20,700
Designated for Subsequent Year Expenditures	155,288			155,288
Unassigned	238,004	-	-	238,004
	<u>1,328,947</u>	<u>-</u>	<u>-</u>	<u>1,328,947</u>
Total Fund Balances	1,328,947	-	-	1,328,947
Total Liabilities and Fund Balances	\$ 1,342,700	\$ 70,029	\$ -	

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 \$27,286,855 and the accumulated depreciation is \$11,333,606.

15,953,249

Bond issuance costs are deferred and amortized over the life of the bonds on the statement of net assets.

74,543

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

(163,158)

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	\$ 9,127,350	
Compensated Absences	299,932	
	<u>(9,427,282)</u>	
Net assets of governmental activities		\$ 7,766,299

**FLORHAM PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Tax Levy	\$ 14,764,011		\$ 1,039,666	\$ 15,803,677
Tuition	360,237			360,237
Transportation Fees	100,618			100,618
Interest	6,182			6,182
Miscellaneous	27,771	\$ 100,032	-	127,803
Total - Local Sources	15,258,819	100,032	1,039,666	16,398,517
State Sources	1,696,152	38,338		1,734,490
Federal Sources	28,088	251,923	-	280,011
Total Revenues	16,983,059	390,293	1,039,666	18,413,018
EXPENDITURES				
Current				
Instruction				
Regular	6,158,416	88,838		6,247,254
Special Education	2,762,874	207,269		2,970,143
Other Instruction	190,878	6,697		197,575
School-Sponsored Activities and Athletics	156,927			156,927
Support Services				
Student and Instruction Related Services	2,617,586	87,489		2,705,075
General Administrative Services	585,195			585,195
School Administrative Services	1,051,982			1,051,982
Central Services	395,545			395,545
Plant Operations and Maintenance	1,614,160			1,614,160
Student Transportation Services	894,645			894,645
Debt Service				
Principal			670,000	670,000
Interest and Other Charges			369,666	369,666
Capital Outlay	49,838	-	-	49,838
Total Expenditures	16,478,046	390,293	1,039,666	17,908,005
Excess (Deficiency) of Revenues Over (Under) Expenditures	505,013	-	-	505,013
OTHER FINANCING SOURCES (USES)				
Transfers Out	(6,124)	-	-	(6,124)
Total Other Financing Sources and Uses	(6,124)	-	-	(6,124)
Net Change in Fund Balances	498,889	-	-	498,889
Fund Balance, Beginning of Year	830,058	-	-	830,058
Fund Balance, End of Year	\$ 1,328,947	\$ -	\$ -	\$ 1,328,947

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

EXHIBIT B-3

**FLORHAM PARK BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 498,889**

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	\$ 49,838	
Depreciation Expense	<u>(710,454)</u>	
		(660,616)

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):

Increase in Compensated Absences		(24,937)
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Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

Serial Bonds		670,000
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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.

Amortization of Bond Premium	77,303	
Amortization of Deferred Amounts on Refunding	(75,381)	
Amortization of Cost of Issuance	<u>(11,598)</u>	
		(9,676)

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>12,545</u>
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Change in net assets of governmental activities (Exhibit A-2)		<u>\$ 486,205</u>
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**FLORHAM PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2012**

	Non-Major Enterprise Fund <u>Food Service</u>
ASSETS	
Capital Assets	
Equipment	\$ 107,229
Less: Accumulated Depreciation	<u>(97,817)</u>
Total Capital Assets	<u>9,412</u>
Total Assets	<u>9,412</u>
NET ASSETS	
Invested in Capital Assets	<u>9,412</u>
Total Net Assets	<u>\$ 9,412</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, 2012

	Non-Major Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Local Sources	
Daily Sales	\$ 12,150
	<hr/>
Total Operating Revenues	12,150
	<hr/>
OPERATING EXPENSES	
Cost of Sales	12,762
Depreciation	830
	<hr/>
Total Operating Expenses	13,592
	<hr/>
Operating Loss	(1,442)
Other Financing Sources	
Transfer In	6,124
	<hr/>
Changes in Net Assets	4,682
	<hr/>
Total Net Assets, Beginning of Year	4,730
	<hr/>
Total Net Assets, End of Year	\$ 9,412
	<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, 2012**

	Non-Major Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 12,150
Cash Payments to Suppliers for Goods and Services	<u>(12,762)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(612)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund	<u>6,124</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>6,124</u>
Cash Flows from Capital Financing Activities	
Purchase of Capital Assets	<u>(5,512)</u>
Net Cash Provided by (Used for) Capital Financing Activities	<u>(5,512)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ -</u></u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ <u>(1,442)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash	
Provided by (Used for) Operating Activities	
Depreciation	<u>830</u>
Total Adjustments	<u>830</u>
Net Cash Provided by/(Used for) Operating Activities	<u><u>\$ (612)</u></u>

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

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 15,426	\$ 6,148	\$ 63,616
Due from Other Funds	<u>14,950</u>	<u>-</u>	<u>-</u>
Total Assets	<u>30,376</u>	<u>6,148</u>	<u>\$ 63,616</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 5,515
Accrued Salaries and Wages			1,504
Due to Other Funds			15,167
Intergovernmental Payable - State	679		-
Due to Student Groups	<u>-</u>	<u>-</u>	<u>41,430</u>
Total Liabilities	<u>679</u>	<u>-</u>	<u>\$ 63,616</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 29,697</u>	<u>\$ 6,148</u>	

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 16,068	
Investment Earnings		
Interest	<u>121</u>	\$ <u>18</u>
Total Additions	<u>16,189</u>	<u>18</u>
DEDUCTIONS		
Scholarship Awards		175
Unemployment Claims and Contributions	<u>29,958</u>	<u>-</u>
Total Deductions	<u>29,958</u>	<u>175</u>
Change in Net Assets	(13,769)	(157)
Net Assets, Beginning of Year	<u>43,466</u>	<u>6,305</u>
Net Assets, End of Year	<u>\$ 29,697</u>	<u>\$ 6,148</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, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units.

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

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. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

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

Separate fund financial statements are provided for governmental, proprietary and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental funds to be major funds.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 child nutrition programs.

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 capital facilities and other capital assets, other than those financed by the proprietary funds.

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 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 private-sector 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, 2012**

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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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 2010-2011 and 2011-2012 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, 2012**

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. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. 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 its useful life 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.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District 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, 2012**

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*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2B.)

Emergency Reserve – This restriction 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Fund Equity (Continued)

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

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 notes to 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 for review and approval prior to adoption 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 2011/2012. During 2011/2012 the Board increased the original budget by \$85,095. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 23, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

B. Capital Reserve

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 is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve 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 reserve 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, 2012 is as follows:

Beginning balance		\$ 384,597
Increased by		
Interest earnings	\$ 472	
Deposits Approved by Board Resolution	<u>279,886</u>	
Total Increases		<u>280,358</u>
Balance, June 30, 2012		<u>\$ 664,955</u>

The June 30, 2012 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, 2012**

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 collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million 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, 2012, the book value of the Board's deposits was \$1,335,995 and bank balances of the Board's cash and deposits amounted to \$1,608,478. 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>1,608,478</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, 2012 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, 2012, the Board had no outstanding investments.

Investment and interest earnings in certain Agency Funds 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, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2012 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>Total</u>
Receivables:			
Intergovernmental			
Federal	\$ 2,857	\$ 68,699	\$ 71,556
State	18,659		18,659
Local	<u>19,674</u>	<u>1,330</u>	<u>21,004</u>
Gross Receivables	41,190	70,029	111,219
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 41,190</u>	<u>\$ 70,029</u>	<u>\$ 111,219</u>

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>\$9,288</u>
Total Deferred Revenue for Governmental Funds	<u>\$9,288</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,156,663	-	-	\$ 1,156,663
Total Capital Assets, Not Being Depreciated	1,156,663	-	-	1,156,663
Capital Assets, Being Depreciated:				
Land Improvements	1,369,190			1,369,190
Building and Building Improvements	22,352,602	\$ 49,838		22,402,440
Machinery and Equipment	2,377,562	-	\$ (19,000)	2,358,562
Total Capital Assets Being Depreciated	26,099,354	49,838	(19,000)	26,130,192
Less Accumulated Depreciation for:				
Land Improvements	(845,182)	(70,018)		(915,200)
Building and Building Improvements	(7,688,005)	(547,126)	6,337	(8,228,794)
Machinery and Equipment	(2,108,965)	(93,310)	12,663	(2,189,612)
Total Accumulated Depreciation	(10,642,152)	(710,454)	19,000	(11,333,606)
Total Assets, Being Depreciation, Net	15,457,202	(660,616)	-	14,796,586
Government Activities Capital Assets, Net	\$ 16,613,865	\$ (660,616)	\$ -	\$ 15,953,249
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 108,382	\$ 5,512	\$ (6,665)	\$ 107,229
Total Capital Assets Being Depreciated	108,382	5,512	(6,665)	107,229
Less Accumulated Depreciation for:				
Machinery and Equipment	(103,652)	(830)	6,665	(97,817)
Total Accumulated Depreciation	(103,652)	(830)	6,665	(97,817)
Total Capital Assets, Being Depreciated, Net	4,730	4,682	-	9,412
Business-Type Activities Capital Assets, Net	\$ 4,730	\$ 4,682	\$ -	\$ 9,412

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Regular	\$ 9,101
Total Instruction	<u>9,101</u>

Support Services	
Student and Instructional Related Services	13,068
General Administrative Services	8,679
School Administrative Services	32,718
Central Services	2
Plant Operations and Maintenance	640,683
Pupil Transportation	<u>6,203</u>
Total Support Services	<u>701,353</u>

Total depreciation expense - governmental activities	<u>\$ 710,454</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 830</u>
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D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 49,485
General Fund	Payroll Agency Fund	1,220
Unemployment Compensation Trust Fund	General Fund	1,003
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>13,947</u>
Total		<u>\$ 65,655</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

The above balances are the result of revenues earned in one fund which are due to another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

Interfund transfers

	Transfer In: Enterprise <u>Food Service</u>
Transfer Out:	
General Fund	\$ 6,124
Total transfers out	<u>\$ 6,124</u>

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

E. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition, construction, or improvement 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, 2012 are comprised of the following issues:

\$9,185,000, 2009 Refunding Bonds, due in annual installments of \$695,000 to \$945,000 through July 15, 2022, interest at 2.00% to 5.00%	<u>\$9,115,000</u>
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**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ended <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	760,000	287,156	1,047,156
2017	790,000	253,206	1,043,206
2018-2022	4,485,000	684,491	5,169,491
2023	<u>945,000</u>	<u>18,900</u>	<u>963,900</u>
	<u>\$ 9,115,000</u>	<u>\$ 2,236,259</u>	<u>\$ 11,351,259</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 99,887,568
Less: Net Debt	<u>9,115,000</u>
Remaining Borrowing Power	<u>\$ 90,772,568</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2012, 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	\$ 9,785,000		\$ 670,000	\$ 9,115,000	\$ 695,000
Deferred Amounts:					
Add: Original Issue Premium	574,127		77,303	496,824	
Less: On Refunding	(559,855)	-	(75,381)	(484,474)	-
Total Bonds Payable	9,799,272	-	671,922	9,127,350	695,000
Compensated Absences	274,995	\$ 43,574	18,637	299,932	25,000
Governmental Activity Long-Term Liabilities	<u>\$ 10,074,267</u>	<u>\$ 43,574</u>	<u>\$ 690,559</u>	<u>\$ 9,427,282</u>	<u>\$ 720,000</u>

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

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 Board Association Insurance Group. The Group is a risk sharing public entity pool, established for the purpose of insuring against various types of insurance coverages including worker's compensation, property, auto and general liability 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.

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

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management

New Jersey School Board 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 funds are on file with the School's Business Administrator.

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	None	\$ 16,068	\$ 29,958	\$ 29,697
2011	\$ 65,000	14,344	55,196	43,466
2010	None	15,429	44,344	19,418

B. Contingent Liabilities

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

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, 2012, 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, 2012, the District has not estimated its arbitrage earnings due to the IRS, if any.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funding Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 billion.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the July 1, 2010 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 5.91 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 6.5% for PERS, 6.5% 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, 2012 for TPAF, which is a cost sharing plan with special funding situations, the 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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the years ended June 30, 2012, 2011 and 2010 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:

<u>Fiscal Year Ended June 30,</u>	<u>PERS</u>	<u>On-behalf TPAF</u>	<u>DCRP</u>
2012	\$ 192,795	\$ 231,228	\$ 4,717
2011	202,935	21,802	1,034
2010	159,899	26,880	None

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$231,228 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$21,802 and \$26,880, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$527,587 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. 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 514 state and local participating employers and contributing entities for Fiscal Year 2011.

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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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 July 1, 2010, 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, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

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, 2012, 2011 and 2010 were \$464,830, \$463,068 and \$504,853, 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, 2012**

	<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	\$ 14,764,011		\$ 14,764,011	\$ 14,764,011	
Tuition	72,000		72,000	360,237	\$ 288,237
Transportation Fees From Individuals	40,000		40,000	40,996	996
Transportation Fees From Other LEA's	60,000		60,000	59,622	(378)
Interest				5,710	5,710
Interest on Capital Reserve	20		20	472	452
Miscellaneous	45,000	-	45,000	27,771	(17,229)
Total Local Sources	<u>14,981,031</u>	<u>-</u>	<u>14,981,031</u>	<u>15,258,819</u>	<u>277,788</u>
State Sources					
Special Education Aid	201,809		201,809	357,037	155,228
Extraordinary Aid	50,000		50,000	107,939	57,939
Additional Nonpublic Transportation Aid				11,973	11,973
On-behalf TPAF Pension Payments - Pension Contribution (Non-Budget)				208,819	208,819
NCGI Premium (Non-Budget)				22,409	22,409
On-behalf TPAF Payments - Post Retirement Medical Benefits (Non-Budget)				464,830	464,830
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	527,587	527,587
Total State Sources	<u>251,809</u>	<u>-</u>	<u>251,809</u>	<u>1,700,594</u>	<u>1,448,785</u>
Federal Sources					
Education Jobs	27,235	\$ 853	28,088	28,088	-
Total Revenues	<u>15,260,075</u>	<u>853</u>	<u>15,260,928</u>	<u>16,987,501</u>	<u>1,726,573</u>
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	66,000	323	66,323	66,323	
Kindergarten	278,000	(10,764)	267,236	267,236	
Grades 1-5	2,081,000	(80,071)	2,000,929	2,000,929	
Grades 6-8	1,511,000	555	1,511,555	1,511,555	
Regular Program - Home Instruction					
Salaries of Teachers	10,000	(6,870)	3,130	3,130	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	209,000	19,270	228,270	228,270	
Purchased Professional/Educational Services	7,300	(1,735)	5,565	5,391	174
Purchased Technical Services	26,100	(1,980)	24,120	24,078	42
Other Purchased Services	140,625	(31,790)	108,835	108,835	-
General Supplies	194,819	(717)	194,102	193,798	304
Textbooks	16,300	(5,900)	10,400	10,255	145
Other Objects	15,300	(6,895)	8,405	8,327	78
Total Regular Programs	<u>4,555,444</u>	<u>(126,574)</u>	<u>4,428,870</u>	<u>4,428,127</u>	<u>743</u>
Special Education Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	249,000	(170,115)	78,885	78,885	
Other Salaries for Instruction	64,000	(29,085)	34,915	34,915	
General Supplies	4,900	(504)	4,396	4,396	-
Textbooks	1,500	(1,100)	400	400	-
Total Learning and/or Language Disabilities	<u>319,400</u>	<u>(200,804)</u>	<u>118,596</u>	<u>118,596</u>	<u>-</u>

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 756,000	\$ 342,842	\$ 1,098,842	\$ 1,098,842	
Other Salaries for Instruction	140,000	83,129	223,129	223,129	
General Supplies	2,850	8,680	11,530	11,530	
Textbooks	1,200	(725)	475	475	-
Total Resource Room	900,050	433,926	1,333,976	1,333,976	-
Preschool Disabilities - Full-Time					
Salaries of Teachers	55,000	1,617	56,617	56,617	
Other Salaries for Instruction	76,000	(25,366)	50,634	50,634	
General Supplies	1,950	1,872	3,822	3,822	-
Total Preschool Disabilities - Full-Time	132,950	(21,877)	111,073	111,073	-
Total Special Education	1,352,400	211,245	1,563,645	1,563,645	-
Basic Skills/Remedial					
Salaries of Teachers	85,000	(8,760)	76,240	76,240	
General Supplies	800	1,111	1,911	1,911	-
Total Basic Skills/Remedial	85,800	(7,649)	78,151	78,151	-
Bilingual Education - Instruction					
Salaries of Teachers	37,000	27	37,027	37,027	
General Supplies	150	59	209	209	-
Total Bilingual Education - Instruction	37,150	86	37,236	37,236	-
School Sponsored Co/Extra Curricular Activities					
Salaries	75,000	(16,780)	58,220	58,220	
Supplies and Materials	7,865	(1,290)	6,575	6,575	-
Total School Sponsored Co/Extra Curricular Activities	82,865	(18,070)	64,795	64,795	-
School Sponsored Athletics					
Salaries	35,000	3,550	38,550	38,550	
Purchased Services	4,500	6,239	10,739	10,739	
Supplies and Materials	4,690	(2,046)	2,644	2,644	
Other Objects	1,500	(230)	1,270	1,270	-
Total School Sponsored Athletics	45,690	7,513	53,203	53,203	-
Other Instructional Programs					
Salaries		19,060	19,060	19,060	
Supplies and Materials	1,100	(355)	745	745	-
Total Other Instructional Programs	1,100	18,705	19,805	19,805	-
Total Instruction	6,160,449	85,256	6,245,705	6,244,962	\$ 743
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	289,000	(10,380)	278,620	278,620	
Tuition to Priv. Sch. for the Disabled Within the State	174,000	102,993	276,993	276,993	-
Total Undistributed Expenditures - Instruction	463,000	92,613	555,613	555,613	-

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 243,000	\$ 6,600	\$ 249,600	\$ 249,564	\$ 36
Purchased Professional-Technical Services	15,000	(7,508)	7,492	7,492	
Other Purchased Services	350	-	350	263	87
Supplies and Materials	5,050	(1,600)	3,450	2,922	528
Other Objects	600	-	600	400	200
Total Health Services	264,000	(2,508)	261,492	260,641	851
Speech, OT, PT and Related Services					
Salaries	431,000	18,122	449,122	449,122	
Purchased Professional-Educational Services	117,000	(79,456)	37,544	37,544	
Supplies and Materials	14,000	(5,302)	8,698	8,698	-
Total Speech, OT, PT and Related Services	562,000	(66,636)	495,364	495,364	-
Other Support Services-Students-Extra Serv.					
Salaries	24,000	68,109	92,109	92,109	-
Total Other Support Services - Students - Extra Serv.	24,000	68,109	92,109	92,109	-
Guidance					
Salaries of Other Professional Staff	153,421	16,804	170,225	170,225	
Salaries of Secretarial and Clerical Assistants	32,000	268	32,268	32,268	
Other Purchased Professional and Tech. Services	36,500	(2,371)	34,129	34,129	
Other Purchased Services	150	(150)	-	-	
Supplies and Materials	5,850	(4,607)	1,243	1,243	
Other Objects	250	(250)	-	-	-
Total Guidance	228,171	9,694	237,865	237,865	-
Child Study Team					
Salaries of Other Professional Staff	280,000	9,173	289,173	289,173	
Salaries of Secretarial and Clerical Assistants	64,000	(614)	63,386	63,386	
Other Purchased Professional and Tech. Services	15,300	(4,448)	10,852	10,852	
Misc Purchased Services	8,000	2,394	10,394	10,394	
Supplies and Materials	13,000	(4,182)	8,818	8,818	
Other Objects	2,000	(601)	1,399	1,399	-
Total Child Study Team	382,300	1,722	384,022	384,022	-
Improvement of Instructional Services					
Salaries of Other Professional Staff	55,900	600	56,500	56,429	71
Other Salaries	39,000	100	39,100	39,100	-
Total Improvement of Instructional Services	94,900	700	95,600	95,529	71
Educational Media Services/School Library					
Salaries	227,000	(1,643)	225,357	225,325	32
Purchased Professional and Technical Services	4,600	-	4,600	4,600	
Other Purchased Services	3,200	-	3,200	3,199	1
Supplies and Materials	20,600	(9,457)	11,143	11,101	42
Other Objects	100	-	100	-	100
Total Educational Media Serv./School Library	255,500	(11,100)	244,400	244,225	175
Instructional Staff Training Services					
Salaries of Other Professional Staff	55,900	600	56,500	56,429	71
Other Salaries	8,000	(2,000)	6,000	6,000	
Purchased Professional/Educational Services	57,400	(37,108)	20,292	20,292	
Other Purchased Services - Travel	9,500	(5,183)	4,317	3,478	839
Supplies and Materials	-	80	80	80	
Other Objects	1,400	-	1,400	1,130	270
Total Staff Training Services	132,200	(43,611)	88,589	87,409	1,180

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 258,235	\$ 2,768	\$ 261,003	\$ 261,003	
Legal Services	35,000	30,483	65,483	65,483	
Audit Fees	16,500	16,500	33,000	16,500	\$ 16,500
Other Purchased Professional Services	15,000	(3,250)	11,750	7,550	4,200
Communications/Telephone	36,500	7,577	44,077	44,077	
Miscellaneous Purchased Services	30,000	(7,518)	22,482	22,482	
General Supplies	4,000	2,963	6,963	6,963	
Judgements Against the School District		25,000	25,000	25,000	
Miscellaneous Expenditures	14,000	(1,927)	12,073	12,073	-
Total Support Services General Administration	409,235	72,596	481,831	461,131	20,700
Support Services School Administration					
Salaries of Principal/Asst. Principals/Prog. Dir.	408,264	3,650	411,914	411,914	
Salaries of Other Professional Staff	116,818	1,200	118,018	118,018	
Salaries of Secretarial and Clerical Assistants	193,000	1,895	194,895	194,895	
Purchased Professional and Technical Services	1,750	(1,043)	707	707	
Other Purchased Services	20,200	(5,199)	15,001	15,001	
Supplies and Materials	10,500	(4,930)	5,570	5,561	9
Other Objects	8,100	(3,625)	4,475	4,475	-
Total Support Services School Administration	758,632	(8,052)	750,580	750,571	9
Support Services Central Services					
Salaries	222,416	2,873	225,289	225,289	
Purchased Professional Service	17,000	1,178	18,178	18,178	
Purchased Technical Services	15,000	(1,538)	13,462	13,462	
Miscellaneous Purchased Services	13,500	5,428	18,928	18,928	
Supplies and Materials	18,450	6,764	25,214	25,214	
Miscellaneous Expenditures	1,400	55	1,455	1,455	-
Total Support Central School Administration	287,766	14,760	302,526	302,526	-
Required Maintenance for School Facilities					
Salaries	182,700	(2,894)	179,806	179,806	
Cleaning, Repair and Maintenance Services	100,100	19,877	119,977	119,971	6
General Supplies	40,000	(25,460)	14,540	14,540	
Other Objects	400	(300)	100	100	-
Total Required Maintenance for School Fac.	323,200	(8,777)	314,423	314,417	6
Custodial Services					
Salaries	487,250	(12,754)	474,496	459,579	14,917
Purchased Prof. And Technical Serv.	37,700	1,996	39,696	39,696	
Cleaning, Repair and Maint. Serv.	16,000	2,195	18,195	18,195	
Other Purchased Property Services	23,000	(3,028)	19,972	19,972	
Insurance	64,000	648	64,648	64,648	
Miscellaneous Purchased Services	10,000	5,647	15,647	15,647	
General Supplies	35,500	15,761	51,261	51,261	
Energy (Natural Gas)	130,000	(66,580)	63,420	63,420	
Energy (Electricity)	300,000	(66,519)	233,481	233,481	
Other Objects	1,000	398	1,398	1,398	-
Total Custodial Services	1,104,450	(122,236)	982,214	967,297	14,917
Care and Upkeep of Grounds					
Salaries	62,050	(2,801)	59,249	59,249	
Purchased Professional and Technical Services	2,500	(1,269)	1,231	1,231	
Cleaning, Repair and Maintenance Svc.	14,000	15,867	29,867	29,867	
General Supplies	15,000	(4,173)	10,827	10,827	
Other Objects	-	60	60	60	-
Total Care and Upkeep of Grounds	93,550	7,684	101,234	101,234	-

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 68,000	\$ 4,487	\$ 72,487	\$ 72,487	
Salaries for Pupil Transportation (Between Home and School) - Regular	122,750	(5,223)	117,527	117,527	
Salaries for Pupil Transportation (Between Home and School) - Special	134,000	56,454	190,454	190,454	
Salaries for Pupil Transportation (Between Home and School) Non-Public	35,000	17,798	52,798	52,798	
Management Fee - ESC & CTSA Transp. Prog.	3,000	-	3,000	3,000	
Other Purchased Prof. and Technical Serv.	1,500	(207)	1,293	1,293	
Cleaning, Repair and Maintenance Services	41,000	278	41,278	41,278	
Contracted Services (Bet. Home and Sch.)-Vendors	3,000	(3,000)			
Contracted Services (Other than Between Home and Sch.) - Vendors	4,000	(1,750)	2,250	2,250	
Contracted Services (Spl. Ed. Students) - Vendors		4,675	4,675	4,675	
Contracted Services (Spl. Ed. Students) - Joint Agreements	56,000	15,575	71,575	71,575	
Contracted Services - Aid in Lieu of Payments Non-Public	45,000	11,217	56,217	56,217	
Contracted Services (Reg. Students) - ESCs & CTSA's		3,000	3,000	3,000	
Contracted Services (Spl. Ed. Students) - ESCs & CTSA's		43,156	43,156	43,156	
Misc. Purchased Serv. - Transportation	26,000	(4,082)	21,918	21,918	
General Supplies	24,000	13,556	37,556	37,556	
Other Objects	2,000	(835)	1,165	1,165	-
Total Student Transportation Services	565,250	155,099	720,349	720,349	-
Unallocated Benefits - Employee Benefits					
Social Security Contributions	225,000	(3,354)	221,646	221,646	
Other Retirement Contributions - PERS	202,835	(10,040)	192,795	192,795	
Other Retirement Contributions - DCRP		4,717	4,717	4,717	
Unemployment Compensation	45,000	(45,000)			
Workers Compensation	80,000	(6,505)	73,495	73,495	
Health Benefits	2,515,385	(157,219)	2,358,166	2,358,166	
Tuition Reimbursement	41,000	(14,181)	26,819	26,547	\$ 272
Other Employee Benefits	23,165	19,539	42,704	42,704	-
Total Unallocated Benefits - Employee Benefits	3,132,385	(212,043)	2,920,342	2,920,070	272
On-behalf TPAF Pension Payments - Pension Contribution				208,819	(208,819)
NCGI Premium (Non-Budget)				22,409	(22,409)
On-behalf TPAF Payments - Post Retirement Medical Benefits (Non-Budget)				464,830	(464,830)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	527,587	(527,587)
Total On-Behalf Payments	-	-	-	1,223,645	(1,223,645)
Total Undistributed Expenditures	9,080,539	(51,986)	9,028,553	10,214,017	(1,185,464)
Total Expenditures - Current Expenditures	15,240,988	33,270	15,274,258	16,458,979	(1,184,721)

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services Other Objects	\$ 19,067	-	\$ 19,067	\$ 19,067	-
Total Facilities Acquis. and Const. Services	19,067	-	19,067	19,067	-
Increase in Capital Reserve	20	-	20	-	20
Total Capital Outlay	19,087	-	19,087	19,067	20
Total Expenditures	15,260,075	\$ 33,270	15,293,345	16,478,046	\$ (1,184,701)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	(32,417)	(32,417)	509,455	541,872
Other Financing Sources (Uses)					
Operating Transfers Out - Enterprise Fund	-	(6,124)	(6,124)	(6,124)	-
Total Other Financing Sources (Uses)	-	(6,124)	(6,124)	(6,124)	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	-	(38,541)	(38,541)	503,331	541,872
Fund Balance, Beginning of Year	962,612	-	962,612	962,612	-
Fund Balance, End of Year	\$ 962,612	\$ (38,541)	\$ 924,071	\$ 1,465,943	\$ 541,872

Recapitulation of Fund Balance

Restricted Fund Balance:	
Capital Reserve	\$ 664,955
Emergency Reserve	250,000
Assigned Fund Balance	
Year End Encumbrances	20,700
Designated for Subsequent Year's Expenditures	155,288
Unassigned Fund Balance	375,000
	1,465,943
Reconciliation to Governmental Funds Statements (GAAP):	
Less: State Aid Payment Not Recognized on GAAP Basis	(136,996)
Fund Balance Per Governmental Funds (GAAP)	\$ 1,328,947

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND - EDUCATION JOBS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Federal Sources					
Education Jobs	\$ 27,235	\$ 853	\$ 28,088	\$ 28,088	\$ -
Total Revenues	<u>27,235</u>	<u>853</u>	<u>28,088</u>	<u>28,088</u>	<u>-</u>
EXPENDITURES					
CURRENT					
Regular Programs - Undistributed Instruction					
Other Support Services - Salaries	27,235	853	28,088	28,088	-
Total Instruction - Regular Programs	<u>27,235</u>	<u>853</u>	<u>28,088</u>	<u>28,088</u>	<u>-</u>
Total Expenditures	<u>27,235</u>	<u>853</u>	<u>28,088</u>	<u>28,088</u>	<u>-</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 247,814	\$ 13,291	\$ 261,105	\$ 251,923	\$ (9,182)
State	66,903	(19,403)	47,500	38,338	(9,162)
Local	50,000	52,666	102,666	100,032	(2,634)
Total Revenues	364,717	46,554	411,271	390,293	(20,978)
EXPENDITURES					
Instruction					
Tuition	216,799	(9,530)	207,269	207,269	
General Supplies	50,000	43,699	93,699	88,838	4,861
Textbooks	7,958	(1,261)	6,697	6,697	-
Total Instruction	274,757	32,908	307,665	302,804	4,861
Support Services					
Salaries		3,836	3,836	3,836	-
Purchased Professional/Technical Services	58,945	(18,142)	40,803	31,641	9,162
Purchased Professional/Educational Services	31,015	1,683	32,698	30,482	2,216
Other Purchased Services		11,240	11,240	8,821	2,419
General Supplies	-	15,029	15,029	12,709	2,320
Total Support Services	89,960	13,646	103,606	87,489	16,117
Total Expenditures	364,717	46,554	411,271	390,293	20,978
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**FLORHAM PARK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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) \$ 16,987,501	(C-2) \$ 390,293
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, 2011		
Encumbrances, June 30, 2012		
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2010/2011 State aid)	132,554	
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2011/2012 State aid)	<u>(136,996)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) <u>\$ 16,983,059</u>	(B-2) <u>\$ 390,293</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 16,478,046	(C-2) \$ 390,293
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, 2011		
Encumbrances, June 30, 2012	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) <u>\$ 16,478,046</u>	(B-2) <u>\$ 390,293</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

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, 2012

	IDEIA Part B Basic	IDEIA Part B Preschool	NCLB Title IIA	NCLB Title III	Local Grants	Total Exhibit E-1A	2012
REVENUES							
Intergovernmental							
Federal	\$ 218,844	\$ 8,821	\$ 22,743	\$ 1,515		\$ 38,338	\$ 251,923
State	-	-	-	-	\$ 100,032	-	38,338
Local	-	-	-	-	-	-	100,032
Total Revenues	\$ 218,844	\$ 8,821	\$ 22,743	\$ 1,515	\$ 100,032	\$ 38,338	\$ 390,293
EXPENDITURES							
Instruction							
Tuition	\$ 207,269		\$ 2,500	\$ 1,515	\$ 84,823		\$ 207,269
General Supplies	-	-	-	-	-	\$ 6,697	88,838
Textbooks	-	-	-	-	-	-	6,697
Total Instruction	207,269	-	2,500	1,515	84,823	6,697	302,804
Support Services							
Salaries			1,336		2,500		3,836
Purchased Professional/Technical Services						31,641	31,641
Purchased Professional/Educational Services	11,575		18,907			-	30,482
Other Purchased Services	-	\$ 8,821	-	-	12,709	-	8,821
General Supplies	-	-	-	-	-	-	12,709
Total Support Services	11,575	8,821	20,243	-	15,209	31,641	87,489
Facilities Acquisition and Construction Services							
Equipment	-	-	-	-	-	-	-
Total Facilities Acquisition and Const. Svc	-	-	-	-	-	-	-
Total Expenditures	\$ 218,844	\$ 8,821	\$ 22,743	\$ 1,515	\$ 100,032	\$ 38,338	\$ 390,293

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

	Nonpublic		Nonpublic		Nonpublic		Exam & Classification	Supplemental Instruction	Total E-1A
	Nursing	Textbooks	Compensatory Instruction	Ch. 192	Ch. 193 Corrective Speech				
REVENUES									
Intergovernmental									
Federal	\$ 9,565	\$ 6,697	\$ 6,425	\$ 4,660	\$ 4,660	\$ 6,922	\$ 4,069	\$ 38,338	
State	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 9,565	\$ 6,697	\$ 6,425	\$ 4,660	\$ 4,660	\$ 6,922	\$ 4,069	\$ 38,338	
EXPENDITURES									
Instruction									
Tuition	-	\$ 6,697	-	-	-	-	-	\$ 6,697	
General Supplies	-	-	-	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-	-	-	-
Total Instruction	-	6,697	-	-	-	-	-	6,697	
Support Services									
Salaries	\$ 9,565		\$ 6,425	\$ 4,660	\$ 4,660	\$ 6,922	\$ 4,069	31,641	
Purchased Professional/Technical Services	-	-	-	-	-	-	-	-	-
Purchased Professional/Educational Services	-	-	-	-	-	-	-	-	-
Other Purchased Services	-	-	-	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-	-	-	-
Total Support Services	9,565	-	6,425	4,660	4,660	6,922	4,069	31,641	
Facilities Acquisition and Construction Services									
Equipment	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Const. Svc	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 9,565	\$ 6,697	\$ 6,425	\$ 4,660	\$ 4,660	\$ 6,922	\$ 4,069	\$ 38,338	

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012**

NOT APPLICABLE

**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

ENTERPRISE FUND

**FLORHAM PARK BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012**

Financial Statements are Presented on Exhibit B-5

**PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Financial Statements are Presented on Exhibit B-6

FIDUCIARY FUNDS

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 41,430	\$ 22,186	\$ 63,616
Total Assets	<u>\$ 41,430</u>	<u>\$ 22,186</u>	<u>\$ 63,616</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 5,515	\$ 5,515
Accrued Salaries and Wages		1,504	1,504
Due to Other Funds		15,167	15,167
Due to Student Groups	\$ 41,430	-	41,430
Total Liabilities	<u>\$ 41,430</u>	<u>\$ 22,186</u>	<u>\$ 63,616</u>

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

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

	<u>Balance, July 1, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2012</u>
ELEMENTARY SCHOOLS				
Briarwood	\$ 4,154	\$ 6,747	\$ 6,965	\$ 3,936
Brooklake	1,771	18,795	19,984	582
MIDDLE SCHOOLS				
Ridgedale Athletics	1	4,561	4,561	1
Ridgedale	<u>32,154</u>	<u>124,773</u>	<u>120,016</u>	<u>36,911</u>
 Total All Schools	 <u>\$ 38,080</u>	 <u>\$ 154,876</u>	 <u>\$ 151,526</u>	 <u>\$ 41,430</u>

**FLORHAM PARK BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Balance, July 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2012</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 4,696	\$ 4,746,133	\$ 4,745,314	\$ 5,515
Accrued Salaries and Wages	1,504	6,615,570	6,615,570	1,504
Due to Other Funds	<u>1,245</u>	<u>14,452</u>	<u>530</u>	<u>15,167</u>
 Total	 <u>\$ 7,445</u>	 <u>\$ 11,376,155</u>	 <u>\$ 11,361,414</u>	 <u>\$ 22,186</u>

LONG-TERM DEBT

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2011</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2012</u>
School District Bonds - Series 2002	7/15/2002	\$ 10,940,000		4.20 %	\$ 635,000		\$ 635,000	
School District Refunding Bonds - 2009	9/10/2009	9,185,000	7/15/2012	2.00 %				
			7/15/2012	2.75				
			7/15/2013	2.00				
			7/15/2013	2.50				
			7/15/2014	3.00				
			7/15/2015	2.75				
			7/15/2015	5.00				
			7/15/2016	3.50				
			7/15/2016	5.00				
			7/15/2017	5.00				
			7/15/2018	3.50				
			7/15/2018	4.25				
			7/15/2019	3.50				
			7/15/2019	4.375				
			7/15/2020	4.50				
			7/15/2021	4.25				
			7/15/2022	4.00				
					9,150,000	\$ -	35,000	\$ 9,115,000
					<u>\$ 9,785,000</u>	<u>\$ -</u>	<u>\$ 670,000</u>	<u>\$ 9,115,000</u>
Paid By Budget Appropriation							<u>\$ 670,000</u>	

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

NOT APPLICABLE

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<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	\$ 1,039,666	-	\$ 1,039,666	\$ 1,039,666	-
Total Revenues	1,039,666	-	1,039,666	1,039,666	-
EXPENDITURES					
Regular Debt Service					
Principal	670,000		670,000	670,000	
Interest	369,666	-	369,666	369,666	-
Total Expenditures	1,039,666	-	1,039,666	1,039,666	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 6,900,734	\$ 6,900,442
Restricted	114,565	104,339	209,068	89,270	32,035	200,677	225,326	384,597	664,955
Unrestricted	38,335	(212,420)	(374,914)	(386,851)	37,626	1,979	(24,502)	(5,237)	200,902
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	\$ 7,280,094	\$ 7,766,299
Business-type activities									
Invested in capital assets, net of related debt	\$ 5,405	\$ 3,721	\$ 3,235	\$ 2,322	\$ 1,409	\$ 496	\$ 4,334	\$ 4,730	\$ 9,412
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	\$ 4,730	\$ 9,412
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	\$ 6,905,464	\$ 6,909,854
Restricted	114,565	104,339	209,068	89,270	32,035	200,677	225,326	384,597	664,955
Unrestricted	43,680	(208,909)	(381,864)	(400,544)	39,725	5,978	(23,722)	(5,237)	200,902
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	\$ 7,284,824	\$ 7,775,711

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 nine 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 NINE FISCAL YEARS

(Unaudited)

(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 6,277,653	\$ 6,260,670
Special Education	1,752,336	2,455,940	2,554,818	2,607,536	2,313,004	2,269,125	2,702,625	2,602,610	2,980,703
Other Instruction	83,181	70,221	69,663	83,439	80,730	67,043	108,418	141,708	213,722
School Sponsored Activities and Athletics	163,886	129,699	139,489	139,328	150,045	148,318	148,955	148,770	156,927
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	2,493,443	2,711,681
General Administrative Services	762,681	557,374	548,193	491,435	537,995	518,851	574,800	608,928	605,472
School Administrative Services	833,658	654,996	721,807	836,001	961,645	968,615	1,081,152	1,061,376	1,084,544
Central Services/Business Services	326,534	250,832	292,896	407,181	347,440	345,639	338,009	365,831	395,547
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	2,508,052	2,255,376
Pupil Transportation	554,681	773,436	826,229	1,031,136	922,126	803,849	804,200	816,834	900,848
Interest on Long-Term Debt	657,338	688,584	665,301	509,513	524,666	513,234	372,251	383,267	355,199
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	17,408,472	17,920,689
Business-Type Activities:									
Food Service	12,440	19,694	21,407	19,214	13,116	16,412	14,561	13,708	13,592
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	13,708	13,592
Total District Expenses	\$ 13,793,291	\$ 14,868,377	\$ 15,898,804	\$ 17,129,521	\$ 17,313,351	\$ 17,199,263	\$ 18,111,429	\$ 17,422,180	\$ 17,934,281
Program Revenues									
Governmental Activities:									
Charges for Services:									
Pupil Transportation	\$ 34,870	\$ 42,363	\$ 42,853	\$ 74,708	\$ 118,587	\$ 111,531	\$ 130,101	\$ 119,141	\$ 100,618
Tuition							64,462	75,225	360,237
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	1,724,411	2,114,533
Capital Grants and Contributions	1,802,012	65,157	90,577	-	6,500	480	53,026	14,100	-
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	1,932,877	2,575,388
Business-type activities:									
Charges for Services									
Food Service	8,544	8,700	8,615	8,317	7,681	9,143	8,226	8,413	12,150
Enrichment Program				855					
Operating Grants and Contributions	5,491	7,476	6,624	6,444	6,252	8,256	6,954	2,725	
Total Business-Type Activities Program Revenues	14,035	16,176	15,239	15,616	13,933	17,399	15,180	11,138	12,150
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	\$ 1,944,015	\$ 2,587,538

FLORHAM PARK BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS

(Unaudited)

(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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)	\$ (15,475,595)	\$ (15,345,301)
Business-Type Activities	1,595	(3,518)	(11,374)	(7,656)	817	987	619	(2,570)	(1,442)
Total District-Wide Net Expense	<u>\$ (10,091,278)</u>	<u>\$ (12,730,258)</u>	<u>\$ (13,548,175)</u>	<u>\$ (14,380,809)</u>	<u>\$ (14,469,520)</u>	<u>\$ (14,879,865)</u>	<u>\$ (15,318,624)</u>	<u>\$ (15,478,165)</u>	<u>\$ (15,346,743)</u>
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Property Taxes Levied for General Purposes, Net	\$ 10,771,768	\$ 11,307,037	\$ 12,359,375	\$ 12,813,493	\$ 13,433,441	\$ 13,822,785	\$ 14,278,900	\$ 14,617,866	\$ 14,764,011
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	955,617	1,039,666
Unrestricted Aid, Grants and Contributions	45,355	112,719	71,994	154,468	177,788	4,010	4,256	7,592	6,182
Investment Earnings	52,275	22,755	25,864	33,880	19,425	11,786	143,830	111,931	27,771
Miscellaneous Income	10,431	30,242	39,708	166,513	112,121	133,765	143,830	(2,186)	(6,124)
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>	<u>15,690,820</u>	<u>15,831,506</u>
Business-Type Activities:									
Investment Earnings	-	-	-	-	14,062	-	-	2,186	6,124
Transfers	-	-	-	-	14,062	-	-	2,186	6,124
Total Business-Type Activities	<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>	<u>\$ 15,693,006</u>	<u>\$ 15,837,630</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>	<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	\$ 215,225	\$ 486,205
Business-Type Activities	1,595	(3,518)	(11,374)	(7,656)	14,879	987	619	(384)	4,682
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>	<u>\$ 214,841</u>	<u>\$ 490,887</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 nine 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 NINE FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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		
Restricted								\$ 634,597	\$ 914,955
Committed									
Assigned								29,868	175,988
Unassigned								165,593	238,004
Total General Fund	\$ 794,790	\$ 385,181	\$ 441,299	\$ 242,636	\$ 623,217	\$ 658,961	\$ 653,107	\$ 830,058	\$ 1,328,947
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		
Restricted									
Committed									
Assigned									
Total all other governmental funds	\$ 163,034	\$ 89,802	\$ 6,921	\$ 6,921	\$ 6,921	\$ 95,301	\$ 80,789	\$ -	\$ -

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 nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

FLORHAM PARK BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST NINE FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 15,573,483	\$ 15,803,677
Tuition							64,462	75,225	360,237
Transportation Fees	34,870	42,363	42,853	74,708	118,587	111,531	130,101	119,141	100,618
Interest Earnings	52,275	22,755	25,864	33,880	19,425	11,786	4,256	7,592	6,182
Miscellaneous	10,431	30,242	79,708	175,765	155,078	204,151	201,954	145,355	127,803
State Sources	3,525,231	1,982,174	2,074,304	2,524,684	2,596,142	1,871,212	2,090,671	1,395,974	1,734,490
Federal Sources	173,232	210,125	250,227	278,920	250,000	252,880	434,267	309,113	280,011
Total Revenue	15,350,631	14,656,116	15,887,831	16,954,815	17,627,453	17,328,973	18,257,621	17,625,883	18,413,018
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	6,351,479	6,247,254
Special Education Instruction	1,798,502	2,494,494	2,532,878	2,619,972	2,312,188	2,300,513	2,702,338	2,601,388	2,970,143
Other instruction	83,181	70,221	69,663	83,439	80,730	67,043	108,418	141,708	197,575
School Sponsored Activities/Athletics	161,082	128,311	139,489	139,328	150,045	148,318	148,955	148,770	156,927
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	2,469,287	2,705,075
General Administrative Services	688,285	537,630	621,725	499,724	521,582	512,323	564,222	588,560	585,195
School Administrative Services	810,201	641,633	690,572	777,949	925,334	931,646	1,002,152	1,024,353	1,051,982
Central Services/Business Services	323,466	249,263	292,790	405,815	339,488	344,484	353,430	365,104	395,545
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	1,869,193	1,614,160
Pupil Transportation	602,009	728,077	762,817	967,724	865,900	762,550	762,901	795,125	894,645
Capital Outlay	9,304,105	430,206	502,537	155,500	189,189	140,813	301,461	96,554	49,838
Debt Service									
Principal	350,000	552,885	541,947	584,612	590,475	637,196	668,184	677,939	670,000
Interest and Other Charges	644,580	674,513	672,131	577,850	549,821	519,434	404,994	398,075	369,666
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	17,527,535	17,908,005
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,660,153)	(616,427)	(228,800)	(198,663)	334,002	124,124	(784,399)	98,348	505,013

FLORHAM PARK BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST NINE FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	118	
Transfers In	51,808	136,308	26,024	12,753	2,794	107,526	(19,363)	(2,304)	(6,124)
Transfers Out	(51,808)	(136,308)	(26,024)	(12,753)	(16,856)	(107,526)	(19,363)	(2,304)	(6,124)
Total Other Financing Sources (Uses)	124,582	133,586	202,037	-	46,579	-	764,033	(2,186)	(6,124)
Net Change in Fund Balances	\$ (7,535,571)	\$ (482,841)	\$ (26,763)	\$ (198,663)	\$ 380,581	\$ 124,124	\$ (20,366)	\$ 96,162	\$ 498,889
Debt Service as a Percentage of Noncapital Expenditures	7.26%	8.27%	7.78%	6.84%	6.67%	6.78%	9.80%	6.17%	5.82%

* 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 nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Interest</u>	<u>Tuition</u>	<u>Transportation</u> <u>Fees</u>	<u>Prior Year</u> <u>Reimbursements</u>	<u>Insurance</u> <u>Refunds</u>	<u>Prior Year</u> <u>Orders</u> <u>Canceled</u>	<u>Cancel Old</u> <u>Outstanding</u> <u>Checks</u>	<u>Facility</u> <u>Use</u>	<u>E-Rate</u>	<u>Benefit</u> <u>Share</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2011	7,474	75,225	119,141	28,568	3,517			46,669	26,680		6,497	313,771
2012	6,182	360,237	100,618	9,490			7,666	8,200			2,415	494,808

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

Calendar Year	Vacant Land	Residential	Farm Reg.	Qlrm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct Local School Tax Rate ^a
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	b 72,140,300	1,963,783,600	\$ 716,800	119,800	868,630,200	229,991,100	161,878,700	3,297,260,500	4,532,436	3,301,812,936	2,976,989,614	0.41
2007	66,582,200	1,977,590,900	716,800	119,800	894,240,000	228,460,100	161,878,700	3,329,588,500	4,556,753	3,334,145,253	3,158,254,479	0.43
2008	64,246,500	1,989,080,900	716,800	119,800	917,460,600	178,344,300	159,770,700	3,309,739,600	4,687,591	3,314,427,191	3,278,877,905	0.44
2009	126,647,500	2,011,843,600	748,300	119,800	912,417,600	108,971,400	153,215,500	3,313,963,700	4,947,120	3,318,910,820	3,236,762,545	0.45
2010	128,845,700	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	3,332,562,174	0.47
2011	118,379,400	2,051,700,450	748,300	119,800	867,113,600	101,302,400	151,215,500	3,290,579,450	4,582,780	3,295,162,230	3,332,111,643	0.48
2012	110,392,500	2,031,401,150	748,300	119,800	890,441,900	97,324,800	151,215,500	3,281,643,950	4,576,711	3,286,220,661	3,326,722,558	0.48

Source: County Abstract of Ratables

^a Tax rates are per \$100
^b Borough undertook a revaluation of real property effective for calendar year 2006.
N/A Not Available

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

Calendar Year	Total Direct School Tax Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Florham Park Local School District	Hanover Park Regional High School District	Municipality of Florham Park		Morris County	
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
2011	0.48	0.21	0.36		0.24	1.29
2012	0.48	0.22	0.38		0.25	1.33

Source: County Abstract of Ratables

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

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

Taxpayer	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
KBSII 100-200 Campus Drive LLC	\$ 218,301,300	6.64%	\$ 50,214,600	3.15%
Wells Reit II	91,436,900	2.79%		
Park Ave Realty			77,358,100	4.86%
Exxon Research & Engineering Company			69,800,000	4.38%
Avalonbay Communities	63,369,900	1.93%		
Advance At Park Place LLC	63,351,900	1.93%		
Rock GW LLC	52,637,300	1.60%		
Rock Florham LLC			51,368,000	3.23%
BASF	37,072,100	1.13%		
Sun Valley Plaza LLC	46,995,600	1.43%	36,992,900	2.32%
LH Florham Holding	43,000,000	1.31%		
LFT Real Estate	33,900,000	1.03%		
Avalonbay Communities			33,478,100	2.10%
200/224 Park Ave LLC			30,868,500	1.94%
Riverbend	30,000,000	0.91%		
Rock Florham LLC			29,612,600	1.86%
Dolce/AEW Properties			28,944,400	1.82%
Campus Drive LLC			27,032,800	1.70%
Kohl Bren			25,583,200	1.61%
	<u>\$ 680,065,000</u>	<u>20.71%</u>	<u>\$ 461,253,200</u>	<u>28.97%</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	
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%	-
2011	15,573,483	15,573,483	100%	-
2012	15,803,667	15,803,667	100%	-

**FLORHAM PARK BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT 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	11,705		894
2011	9,785,000	-	-	9,785,000	11,751		833
2012	9,115,000			9,115,000	11,751 (E)		776

(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 eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**FLORHAM PARK BOARD OF EDUCATION
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			
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	1,288
2006	12,460,000		12,460,000	0.38	1,245
2007	11,975,000		11,975,000	0.36	1,039
2008	11,460,000		11,460,000	0.35	946
2009	10,915,000		10,915,000	0.33	895
2010	10,425,000		10,425,000	0.31	894
2011	9,785,000		9,785,000	0.30	833
2012	9,115,000		9,115,000	0.28	776

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, 2011
(Unaudited)**

Total Debt

Municipal Debt: (1)	
Florham Park Board of Education (as of June 30, 2012)	\$ 9,115,000
Regional High School - Florham Park's Share	17,166,341
Borough of Florham Park	<u>27,031,126</u>
	<u>53,312,467</u>
Overlapping Debt Apportioned to the Municipality:	
Morris County: (2)	
County of Morris (A)	<u>9,217,665</u>
	<u>9,217,665</u>
Total Direct and Overlapping Debt	<u><u>\$ 62,530,132</u></u>

Source:

- (1) Borough of Florham Park's 2011 Annual Debt Statement
- (2) Morris County's 2011 Annual Debt Statement
- (A) The debt for this entity was apportioned by dividing the municipality's 2011 equalized value by the total 2011 equalized value for Morris County.

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis	
2009	3,306,029,230
2010	3,360,587,791
2011	3,322,139,778
	<u>\$9,988,756,799</u>

\$3,329,585,600

\$	99,887,568
	9,115,000
\$	<u>90,772,568</u>

Average equalized valuation of taxable property

Debt limit (3 % of average equalization value)
Total Net Debt Applicable to Limit
Legal debt margin

Fiscal Year

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 60,906,981	\$ 69,339,944	\$ 77,455,093	\$ 83,824,516	\$ 88,757,608	\$ 93,239,463	\$ 97,102,876	\$ 99,109,670	\$ 99,963,349	\$ 99,887,568 ⁴
Total net debt applicable to limit	16,608,762	16,258,762	15,527,404	13,028,094	11,975,000	11,460,000	10,915,000	10,425,000	9,785,000	9,115,000 ⁴
Legal debt margin	\$ 44,298,219	\$ 53,081,182	\$ 61,927,689	\$ 70,796,422	\$ 76,782,608	\$ 81,779,463	\$ 86,187,876	\$ 88,684,670	\$ 90,178,349	\$ 90,772,568

Total net debt applicable to the limit
as a percentage of debt limit

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>
2003	12,448	\$ 56,804	4.5%
2004	12,444	60,780	3.6%
2005	12,467	62,930	2.8%
2006	12,373	67,918	2.7%
2007	12,298	71,191	2.4%
2008	12,355	74,025	3.2%
2009	12,347	67,614	5.6%
2010	11,705	69,811	5.6%
2011	11,751	N/A	5.4%
2012	11,751 (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>2012</u>		<u>2003</u>	
		Percentage of Total Municipal Employment		Percentage of Total Municipal Employment
<u>Employer</u>	<u>Employees</u>		<u>Employees</u>	

INFORMATION NOT AVAILABLE

FLORHAM PARK BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT 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>	<u>2011</u>	<u>2012</u>
Instruction	97.5	97.3	104.2	104.5	105.5	106.0	106.0	108.0
Support Services								
Student and Instruction Related Services	22.0	23.5	23.6	23.6	24.6	24.6	24.6	24.6
General Administration	3.0	2.2	2.2	2.2	2.2	2.0	2.0	2.0
School Administrative Services	6.0	6.0	6.0	7.0	7.0	7.0	7.0	7.0
Central Services	3.0	3.0	3.0	2.8	2.8	2.8	3.0	3.0
Plant Operations and Maintenance	12.0	10.4	10.4	10.7	10.7	11.3	11.3	11.3
Pupil Transportation	5.5	6.4	12.0	12.5	13.5	13.5	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>	<u>167.4</u>	<u>169.4</u>

Source: District Personnel Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight 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	Teacher/Student Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
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%
2011	1,037	16,354,967	15,771	-2.87%	87	1:12	1:12	1,027	983	-0.96%	95.72%
2012	1,028	16,818,501	16,360	3.75%	89	1:12	1:12	1,026	980	-0.10%	95.52%

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)**

<u>District Building</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Elementary</u>										
Brooklake										
Square Feet	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700
Enrollment				339	335	350	350	346	325	339
Briarwood										
Square Feet	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Enrollment				340	343	361	350	365	352	360
<u>Middle School</u>										
Ridgedale										
Square Feet	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100
Enrollment					314	320	343	331	351	331

Number of Schools at June 30, 2012

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

<u>School Facilities</u>	<u>Project Nos.</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Brooklake Elementary School	N/A	\$ 43,042	\$ 55,165	\$ 79,746	\$ 85,752	\$ 79,347	\$ 87,876	\$ 80,795	\$ 78,381	\$ 137,547	\$ 86,392
Briarwood Elementary School	N/A	49,198	33,869	60,084	91,908	85,043	85,300	113,747	70,827	103,820	76,142
Ridgedale Elementary School	N/A	52,495	74,589	63,431	84,475	78,165	131,398	135,037	147,412	150,862	151,883
Total School Facilities		\$ 144,735	\$ 163,623	\$ 203,261	\$ 262,135	\$ 242,555	\$ 304,574	\$ 329,579	\$ 296,620	\$ 392,229	\$ 314,417

Source: District Records

**FLORHAM PARK BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2012
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG		
Property - Blanket Building & Contents	\$ 50,989,144	\$ 5,000
Increased Cost of Construction	10,000,000	
Flood/Earthquake	10,000,000	
Computer Equipment	275,000	
Energy Systems - Property Damage	100,000,000	
Commercial Liability - Bodily Injury/Property Damage	11,000,000	
Comprehensive General Liability	11,000,000	
Workers Compensation	2,000,000	
School Leaders Errors and Omissions	11,000,000	5,000
Business Auto	11,000,000	1,000
Public Employee Dishonesty	100,000	
Money and Security	25,000	
Computer Fraud	100,000	
Depositor Forgery	100,000	
Student Accident	5,000,000	
Public Official Bond - Board Secretary	100,000	
Public Official Bond - Treasurer of School Monies	230,000	

Source: School District's records

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
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 K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Florham Park Board of Education as of and for the fiscal year ended June 30, 2012, which collectively comprise the Florham Park Board of Education's basic financial statements and have issued our report thereon dated September 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Florham Park Board of Education is responsible for establishing and maintaining effective 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 previously.

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 Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that we have reported to management of the Florham Park Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated September 24, 2012.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, 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
September 24, 2012

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
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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

Independent Auditor's Report

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, 2012. 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 Office of School 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, 2012.

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.

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

LERCH, VINCI & HIGGINS, LLP

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


Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
September 24, 2012

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2011	Deferred Revenue Carryover Amount	Accounts Receivable Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2012 (Account Receivable)	Deferred Revenue	Due to Grantor at June 30, 2012	MEMO GAAP Receivable
U.S. Department of Education														
General Fund														
Impact Aid: Education Job Funds	84.410A	N/A	07/11/11-6/30/12	\$ 28,088	-	-	-	\$ 25,231	\$ 28,088	-	\$ (2,857)	-	-	\$ (2,857)
Total General Fund					-	-	-	25,231	28,088	-	(2,857)	-	-	(2,857)
U.S. Department of Education														
Passed-through State Department of Education														
Title II A	84.281A	NCLB153008	9/1/11-8/31/12	26,715	\$ (21,579)	\$ 7,416	\$ (7,416)	21,579	22,743		(34,131)	\$ 11,388	-	(22,743)
Title II A	84.281A	NCLB153008	9/1/10-8/31/11	28,995				1,515	1,515			1,513	-	-
Title III	84.365	NCLB153004	9/1/11-8/31/12	1,515									-	
Title IV	84.186A	NCLB153008	9/1/10-8/31/11	-	1,513								-	
I.D.E.I.A. Part B, Basic Regular	84.027A	FT-1530-08	9/1/11-8/31/12	215,120		4,080	(3,504)	181,133	218,844		(37,491)	356	-	(37,135)
I.D.E.I.A. Part B, Basic Regular	84.027A	FT-1530-08	9/1/10-8/31/11	36,454	(32,374)	(4,080)	3,504	33,722	8,821	\$ (772)	(8,859)	38	-	(8,821)
I.D.E.I.A. Preschool	84.027A	PS-1530-08	9/1/11-8/31/12	8,849	(8,812)	10	(10)	8,892		(80)			-	
I.D.E.I.A. Preschool	84.027A	PS-1530-08	9/1/10-8/31/11	8,902	(23,271)	(10)		23,271					-	
ARRA Basic	84.391		9/1/09-8/31/11	235,164									-	
Total U.S. Department of Education					(84,523)	-	-	270,112	251,923	(852)	(80,481)	13,295	-	(68,699)
Total					\$ (84,523)	\$ -	\$ -	\$ 295,343	\$ 280,011	\$ (852)	\$ (83,338)	\$ 13,295	\$ -	\$ (71,556)

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

FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2012 (Accounts Receivable)	Due to Grantor	MEMO	
											GAAP Receivable	Combined Total Expenditures
State Department of Education												
General Fund:												
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	\$ 357,037			\$ 327,980	\$ 357,037		\$ (29,057)		\$ -	\$ 357,037
Extraordinary Special Education Costs Aid	12-495-034-5120-473	7/1/11-6/30/12	107,939				107,939		(107,939)		*	107,939
Extraordinary Special Education Costs Aid	11-495-034-5120-473	7/1/10-6/30/11	132,554	\$ (132,554)		132,554					*	
Additional Non Public Transportation Aid	N/A	7/1/11-6/30/12	11,973				11,973		(11,973)		\$ (11,973)	11,973
Additional Non Public Transportation Aid	N/A	7/1/10-6/30/11	8,673	(8,673)							*	
TPAF Social Security Contributions	12-495-034-5095-002	7/1/11-6/30/12	527,587			527,587	527,587				*	527,587
TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	522,200	(32,465)		32,465					*	
TPAF Social Security Contributions	12-495-034-5095-006	7/1/11-6/30/12	208,819			208,819	208,819				*	208,819
TPAF Pension - NCGI Premium	12-100-034-5095-007	7/1/11-6/30/12	22,409			22,409	22,409				*	22,409
TPAF Pension-Post Retirement Medical	12-100-034-5095-001	7/1/11-6/30/12	464,830			464,830	464,830				*	464,830
Total General Fund				(173,692)	-	1,725,317	1,700,594	-	(148,969)	-	(11,973)	1,700,594
Special Revenue Fund:												
New Jersey Nonpublic Aid												
Auxiliary Services												
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	8,453			8,453	6,425	\$ 5,443		\$ 2,028	*	6,425
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	12,978	5,443							*	
ESL	12-100-034-5120-067	7/1/11-6/30/12	862			862		854		862	*	-
ESL	11-100-034-5120-067	7/1/10-6/30/11	854	854							*	-
Handicapped Services												
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	5,529			5,529	4,660			869	*	4,660
Examination and Classification	12-100-034-5120-066	7/1/11-6/30/12	10,782			10,782	6,922			3,860	*	6,922
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	9,096	3,555				3,555			*	
Supplemental Instruction	12-100-034-5120-066	7/1/11-6/30/12	5,612			5,612	4,069			1,543	*	4,069
Supplemental Instruction	11-100-034-5120-066	7/1/10-6/30/11	4,864	2,015				2,015			*	
Nursing	12-100-034-5120-070	7/1/11-6/30/12	9,565			9,565	9,565				*	9,565
Textbooks	12-100-034-5120-064	7/1/11-6/30/12	6,697			6,697	6,697				*	6,697
Total Special Revenue Fund				11,667	-	47,500	38,338	11,667	-	9,162	-	38,338
Total State Financial Assistance				(162,025)	-	1,772,817	1,738,932	11,667	(148,969)	9,162	(11,973)	1,738,932
State Financial Assistance												
Not Subject to Single Audit Determination												
General Fund												
TPAF Pension Contributions	12-495-034-5095-006	7/1/11-6/30/12	208,919			(208,819)	(208,819)				*	(208,819)
TPAF Pension - NCGI Premiums	12-100-034-5095-007	7/1/11-6/30/12	22,409			(22,409)	(22,409)				*	(22,409)
TPAF Post Retirement Medical Contributions	12-100-034-5095-001	7/1/11-6/30/12	464,830			(464,830)	(464,830)				*	(464,830)
Total State Financial Assistance Subject to Single Audit Determination				\$ (162,025)	\$ -	\$ 1,076,759	\$ 1,042,874	\$ 11,667	\$ (148,969)	\$ 9,162	\$ (11,973)	\$ 1,042,874

**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, 2012**

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. The information in these schedules is presented in accordance with requirements of U.S. 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". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the 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 a decrease of \$4,442 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	\$ 28,088	\$ 1,696,152	\$ 1,724,240
Special Revenue Fund	<u>251,923</u>	<u>38,338</u>	<u>290,261</u>
Total Financial Assistance	<u>\$ 280,011</u>	<u>\$ 1,734,490</u>	<u>\$ 2,014,501</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, 2012**

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 \$527,587 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$231,228 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$464,830 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

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, 2012**

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, 2012**

Part I – Summary of Auditor's Results

State Awards Section

Internal Control over major programs:

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

(2) Significant deficiency identified that are not
considered to be material weakness(es)? _____ yes X none reported

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

Unqualified

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

_____ yes X no

Identification of major state programs:

GMIS Number(s)	Name of State Program
12-495-034-5095-002	TPAF Social Security
12-495-034-5120-089	State Aid Public - Special Education

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, 2012**

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, 2012**

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

CURRENT YEAR STATE AWARDS

NOT APPLICABLE

**FLORHAM PARK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2011-1

Condition

An employee reported for TPAF FICA reimbursement during the 2011/2012 school year was not a member of the TPAF pension system and, therefore, was not eligible for reimbursement.

Current Status

Corrective action has been taken.