

**SCHOOL DISTRICT OF THE
BOROUGH OF ELMWOOD PARK
COUNTY OF BERGEN, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

**School District
Of the**

Borough of Elmwood Park

**BOROUGH OF ELMWOOD PARK BOARD OF EDUCATION
Elmwood Park, New Jersey**

**Comprehensive Annual Financial Report
Year Ended June 30, 2012**

Comprehensive Annual Financial Report

of the

**BOROUGH OF ELMWOOD PARK
BOARD OF EDUCATION
Elmwood Park, New Jersey**

Year Ended June 30, 2012

Prepared by

**Elmwood Park Board of Education
Business Office**

OUTLINE OF CAFR

INTRODUCTORY SECTION

Letter of Transmittal	1
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors	6

FINANCIAL SECTION

Independent Auditor's Report	7
Required Supplementary Information - Part I Management's Discussion and Analysis	10

BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements:

A-1 Statement of Net Assets	23
A-2 Statement of Activities	24

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27

Proprietary Funds:

B-4 Statement of Net Assets	28
B-5 Statement of Revenues, Expenses and Changes in Fund Net Assets	29
B-6 Statement of Cash Flows	30

Fiduciary Funds:

B-7 Statement of Fiduciary Net Assets	31
B-8 Statement of Changes in Fiduciary Net Assets	N/A

Notes to the Financial Statements	32
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Required Supplementary Information - Part II

OUTLINE OF CAFR

C.	Budgetary Comparison Schedules:	
C-1	Budgetary Comparison Schedule - General Fund	54
C-1a	Not Applicable	
C-1b	Not Applicable	
C-2	Budgetary Comparison Schedule - Special Revenue Fund	59
	Notes to the Required Supplementary Information	
C-3	Budgetary Comparison Schedule	60
	Other Supplementary Information	
D.	School Level Schedules:	
	Not Applicable	
E.	Special Revenue Fund:	
E-1	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	61
E-1a	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	62
E-1b	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	63
E-1c	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	64
E-1d	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	65
E-2	Not Applicable	
E-3	Not Applicable	
E-4	Not Applicable	
E-5	Not Applicable	
E-6	Not Applicable	
F.	Capital Projects Fund:	
	Not Applicable	
G.	Proprietary Funds:	
	Enterprise Fund:	
G-1	Combining Statement of Net Assets	66
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	67
G-3	Combining Statement of Cash Flows	68

OUTLINE OF CAFR

H. Fiduciary Funds:

H-1	Combining Statement of Fiduciary Net Assets	69
H-2	Combining Statement of Changes in Fiduciary Net Assets	N/A
H-3	Student Activity Agency Fund - Schedule of Receipts and Disbursements	70
H-4	Payroll Agency Fund - Schedule of Receipts and Disbursements	71

I. Long-Term Debt:

I-1	Schedule of Serial Bonds	72
I-2	Statement of Obligations under Capital Leases	73
I-3	Budgetary Comparison Schedule	74

J. Statistical Section (Unaudited)

Financial Trends

J-1	Net Assets by Component	75
J-2	Changes in Net Assets	76
J-3	Fund Balances - Governmental Funds	78
J-4	Changes in Fund Balances - Governmental Funds	79
J-5	General Fund Other Local Revenue by Source	80

Revenue Capacity

J-6	Assessed and Estimated Actual Value of Taxable Property	81
J-7	Direct and Overlapping Property Tax Rates	82
J-8	Principal Property Taxpayers	83
J-9	School Tax Levies and Collections	84

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	85
J-11	Ratios of Net General Bonded Debt Outstanding	86
J-12	Direct and Overlapping Governmental Activities Debt	87
J-13	Legal Debt Margin Information	88

Demographic and Economic Information

J-14	Demographic and Economic Statistics	89
J-15	Principal Employers	90

OUTLINE OF CAFR

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	91
J-17	Operating Statistics	92
J-18	School Building Information	93
J-19	Schedule of Required Maintenance Expenditures by School Facilities	94
J-20	Insurance Schedule	95

K. SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	96
K-2	Report on Compliance with Requirements Applicable to Each Major Federal and State Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and N.J. OMB Circular 04-04	98
K-3	Schedule of Expenditures of Federal Awards - Schedule A	100
K-4	Schedule of Expenditures of State Awards - Schedule B	101
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	103
K-6	Schedule of Findings and Questioned Costs	105
K-7	Summary Schedule of Prior Audit Findings	112

INTRODUCTORY SECTION



ELMWOOD PARK PUBLIC SCHOOLS

OFFICE OF THE BOARD SECRETARY/BUSINESS ADMINISTRATOR

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(201) 796-8700 EXT. 2980
FAX (201) 703-9337

WILLIAM P. MOFFITT
BOARD SECRETARY
BUSINESS ADMINISTRATOR

RICHARD D. TOMKO
SUPERINTENDENT OF SCHOOLS

Date: November 1, 2012

Honorable President and
Members of the Board of Education
Elmwood Park School District
Bergen County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Elmwood Park School District (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 Board of Education (board). 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 basic financial statements and results of operations of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

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 the principal officials. The financial section includes the independent auditor's report, management discussion and analysis, the basic financial statements and notes. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133 Revised, "Audits of State and Local Governments," and the State Office of Management and Budget Circular Letter 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's 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.

"WE ARE CRUSADERS FOR OUR KIDS!"

1. REPORTING ENTITY AND ITS SERVICES: The Elmwood Park School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the district are included in this report. The Elmwood Park Board of Education and all its schools constitute the district's reporting entity.

The district provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational as well as special education for handicapped youngsters. The district completed the 2011-2012 fiscal year with an average daily enrollment of 2,482 students, which is 80 students more than the previous year's enrollment. The following details the changes in the student enrollment of the district over the last six years.

Fiscal Year	Average Daily Enrollment	
	Student Enrollment	Percent Change
2011-12	2,482	3.33%
2010-11	2,402	4.0%
2009-10	2,311	4.1
2008-09	2,299	3.93
2007-08	2,212	3.75
2006-07	2,132	0.51

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Elmwood Park is almost fully developed and only a nominal amount of vacant land remains undeveloped. Most land use changes reflect the results of redevelopment. This has resulted in a static tax base. This appears to be the picture in the immediate future.

3 INTERNAL ACCOUNTING CONTROLS: Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the district also is 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 also subject to periodic evaluation by the district management. As a 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.

4. **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, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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 reappropriation of fund balance in the subsequent year. Those amount to be reappropriated are reported as reservations of fund balance at June 30, 2012.

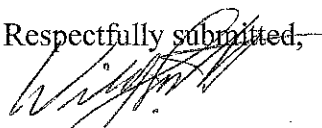
5. **CASH MANAGEMENT**: The investment policy of the district is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The district has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a 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.

6. **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.

7. **INDEPENDENT AUDIT**: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo, & Cuva, was selected by the board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 Revised and the State Office of Management and Budget Circular Letter 04-04. The auditor's report on the basic financial statements and specific required supplemental information 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.

8. **ACKNOWLEDGMENTS**: We would like to express our appreciation to the members of the Elmwood Park Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



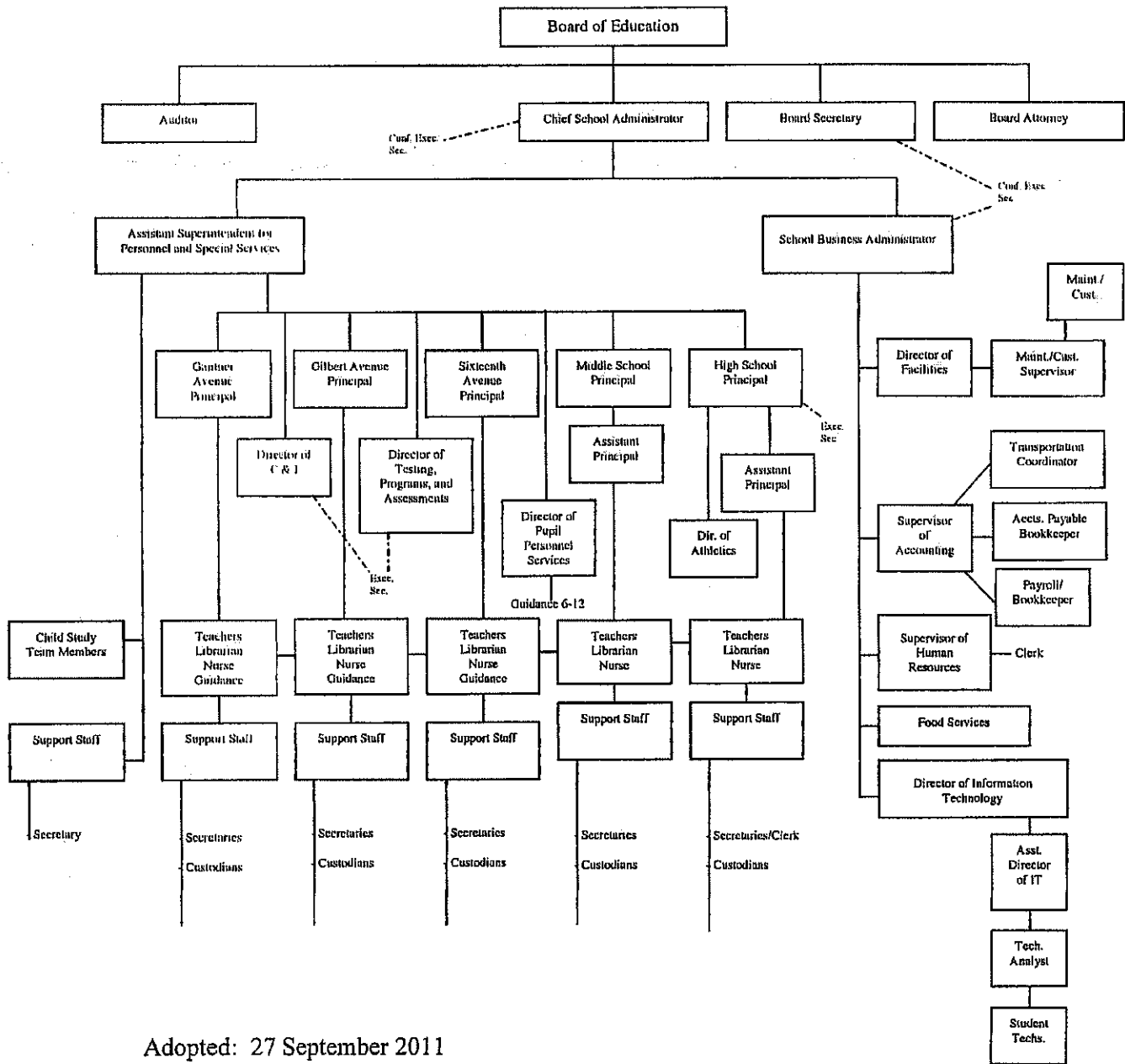
William P. Moffitt
Board Secretary/Bus. Admin.

POLICY

ELMWOOD PARK BOARD OF EDUCATION

ADMINISTRATION
1110/page 1 of 1
Organizational Chart

1110 ORGANIZATIONAL CHART



Adopted: 27 September 2011



ELMWOOD PARK SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2012

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Claire Kalinowski, President	2014
Lori Sproviero, Vice President	2014
Sandra Balistrieri	2014
Keith Cannizzo	2013
Douglas DeMatteo	2013
Louise Gerardi	2013
Jennifer Pellegrine	2015
Arlene Perna-Rudmann	2015
Kathleen Policano	2015

Other Officials

Richard Tomko, Ph., D., Superintendent

William P. Moffitt, Board Secretary/Business Administrator

Schwartz Simon Elestein Celso, Esqs., Board Attorney

ELMWOOD PARK BOARD OF EDUCATION

CONSULTANTS & ADVISORS

JUNE 30, 2012

ARCHITECT

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INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Borough of Elmwood Park School District
County of Bergen, New Jersey
Elmwood 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 Board of Education of the Borough of Elmwood Park School District, in the County of Bergen, State of New Jersey, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough of Elmwood Park School District 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



Honorable President and
Members of the Board of Education
Page 2.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Elmwood Park Board of Education, in the County of Bergen, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the 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 November 27, 2012 on our consideration of the Borough of Elmwood Park Board of Education's internal control over financial reporting and 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 Discussion and Analysis and Budgetary Comparison Information identified in the Table of Contents 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 performed for the purpose of forming opinions on the financial statements taken as a whole. The accompanying introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards 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 is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial



Honorable President and
Members of the Board of Education
Page 3.

statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Steven D. Wielkocz, C.P.A.
Licensed Public School Accountant
No. 816



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

November 27, 2012



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**ELMWOOD PARK BOARD OF EDUCATION
ELMWOOD PARK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

As management of the Elmwood Park Board of Education (the "School District"), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of Elmwood Park Board of Education for the fiscal year ended June 30, 2012.

The management's discussion and analysis is provided at the beginning of the audit to provide an overall review of the past and current position of the School District's financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District's revenues and expenditures by program for the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- In total, net assets decreased \$2,406,202. Net assets of governmental activities decreased \$2,225,375 while net assets of business-type activity decreased by \$180,827.
- General revenues accounted for \$34,327,871 in revenue or 92.2 percent of all district revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,922,125 or 7.8 percent of total revenues of \$37,249,996.
- The School District had \$38,319,867 in expenses related to governmental activities; only \$1,485,896 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$34,327,871 were not adequate to provide for these programs.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to the Elmwood Park Board of Education's basic financial statements. The Elmwood Park Board of Education's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**ELMWOOD PARK BOARD OF EDUCATION
ELMWOOD PARK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

USING THIS ANNUAL REPORT, (continued)

District-Wide Financial Statements

The *district-wide financial statements* are designed to provide readers with a broad overview of the Elmwood Park Board of Education's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Elmwood Park Board of Education's assets and liabilities using the accrual basis of accounting, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Elmwood Park Board of Education is improvement or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the district-wide financial statements distinguish functions of the Elmwood Park Board of Education that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Elmwood Park Board of Education include instruction, support services and special schools. The business-type activities of the Elmwood Park Board of Education include the food service program, before and after care program and summer camp.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Elmwood Park Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of these funds of the Elmwood Park Board of Education can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**ELMWOOD PARK BOARD OF EDUCATION
ELMWOOD PARK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

USING THIS ANNUAL REPORT, (continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflow of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Elmwood Park Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects fund and debt service fund which are all considered to be major funds.

The Elmwood Park Board of Education adopts annual appropriated budgets for its governmental funds except for the capital projects fund. A budgetary comparison statement has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

Proprietary Funds

The Elmwood Park Board of Education maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the district-wide financial statements. The Elmwood Park Board of Education uses enterprise funds to account for its food service program, before and after care program, community school program, summer camp program and summer session program.

Proprietary funds provide the same type of information as the district-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the local district services operations.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the district-wide financial statements because the resources of those funds are *not* available to support the Elmwood Park Board of Education's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**ELMWOOD PARK BOARD OF EDUCATION
ELMWOOD PARK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

USING THIS ANNUAL REPORT, (continued)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Assets provides the perspective of the District as a whole. Net assets may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

**ELMWOOD PARK BOARD OF EDUCATION
ELMWOOD PARK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

The School District's net assets were \$11,410,935 at June 30, 2012 and \$13,871,137 at June 30, 2011. Restricted net assets are reported separately to show legal constraints that limit the School District's ability to use those net assets for day-to-day operations. Our analysis below focuses on the net assets for 2012 compared to 2011 (Table 1) and change in net assets (Table 2) of the School District.

Table 1

**Net Assets
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and Other Assets	1,400,529	1,159,876	324,140	503,207	1,724,669	1,663,083
Capital Assets	<u>41,465,610</u>	<u>42,670,359</u>	<u>170,510</u>	<u>173,825</u>	<u>41,636,120</u>	<u>42,844,184</u>
Total Assets	<u>42,866,139</u>	<u>43,830,236</u>	<u>494,650</u>	<u>677,032</u>	<u>43,360,789</u>	<u>44,507,268</u>
Current Liabilities	4,168,966	2,353,630	298,329	299,884	4,467,295	2,653,514
Noncurrent Liabilities	<u>27,482,560</u>	<u>28,036,617</u>	—	—	<u>27,482,560</u>	<u>28,036,617</u>
Total Liabilities	<u>31,651,526</u>	<u>30,390,247</u>	<u>298,329</u>	<u>299,884</u>	<u>31,949,855</u>	<u>30,690,131</u>
Net Assets						
Invested in Capital Assets-						
Net of Debt	14,932,359	15,110,080	170,511	173,825	15,102,870	15,283,905
Restricted	447	451			447	451
Unrestricted	<u>(3,718,193)</u>	<u>(1,670,542)</u>	<u>25,811</u>	<u>203,323</u>	<u>(3,692,382)</u>	<u>(1,467,219)</u>
Total Net Assets	<u>11,214,613</u>	<u>13,439,989</u>	<u>196,322</u>	<u>377,148</u>	<u>11,410,935</u>	<u>13,817,137</u>

**ELMWOOD PARK BOARD OF EDUCATION
ELMWOOD PARK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Table 2 below shows the changes in net assets for fiscal year 2012 compared to 2011.

**Table 2
Changes in Net Assets
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales			927,936	741,814	927,936	741,814
Operating Grants and						
Contributions	1,485,896	1,412,092	508,293	470,630	1,994,189	1,882,722
General Revenues:						
Taxes:						
Property Taxes, Levied for	29,585,683	29,573,843			29,585,683	29,573,843
General Purposes						
Federal and State Aid not						
Restricted	4,640,263	4,254,542			4,640,263	4,254,542
Miscellaneous - E-Rate		34,269				34,269
Tuition	50,831				50,831	
Investment Earnings		4,675	348	201	348	4,876
Miscellaneous Income	50,746	159,685			50,746	159,685
Operating Transfers	<u>281,073</u>	<u> </u>	<u>(281,073)</u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues and Transfers	<u>36,094,492</u>	<u>35,439,106</u>	<u>1,155,504</u>	<u>1,212,645</u>	<u>37,249,996</u>	<u>36,651,751</u>

**ELMWOOD PARK BOARD OF EDUCATION
ELMWOOD PARK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Functions/Program Expenses						
Instruction:						
Regular	9,953,651	10,180,397			9,953,651	10,180,397
Special	2,608,782	2,579,766			2,608,782	2,579,766
Other Special Instruction	482,506	282,831			482,506	282,831
Other Instruction	666,997	685,764			666,997	685,764
Support Services:						
Tuition	5,221,404	4,470,522			5,221,404	4,470,522
Student & Instruction Related Services	4,548,825	4,536,180			4,548,825	4,536,180
School Administrative Services	1,699,593	2,163,535			1,699,593	2,163,535
General Administrative Services	920,605	944,202			920,605	944,202
Central Services and Admin. Info. Tech.	711,822	880,579			711,822	880,579
Plant Operations and Maintenance	3,587,272	3,152,087			3,587,272	3,152,087
Pupil Transportation	1,983,856	1,945,611			1,983,856	1,945,611
Unallocated Benefits	2,676,385	1,526,137			2,676,385	1,526,137
Capital Outlay-Non- depreciable	789,390	138,430			789,390	138,430
Charter Schools	149,739	94,588			149,739	94,588
Unallocated depreciation	1,179,784	1,181,371			1,179,784	1,181,371
Interest on Long-Term Debt	1,139,256	1,178,271			1,139,256	1,178,271
Food Service			1,006,654	1,122,264	1,006,654	1,122,264
Other Programs			<u>329,677</u>	<u>40,775</u>	<u>329,677</u>	<u>40,775</u>
Total Expenses and Transfers	<u>38,319,867</u>	<u>35,940,271</u>	<u>1,336,331</u>	<u>1,163,039</u>	<u>39,656,198</u>	<u>37,103,310</u>
Increase or (Decrease) in Net Assets	<u>(2,225,375)</u>	<u>(501,165)</u>	<u>(180,827)</u>	<u>49,606</u>	<u>(2,406,202)</u>	<u>(451,559)</u>

**ELMWOOD PARK BOARD OF EDUCATION
ELMWOOD PARK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business-Type Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$39,656,198. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$29,585,683 because some of the cost was paid by those who benefitted from the programs \$927,936, by other governments and organizations who subsidized certain programs with grants and contributions \$1,994,189, and by miscellaneous sources \$4,742,188.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law. The most significant budgeted funds are the general fund, the special revenue fund and the debt service fund. The capital projects fund is funded by the bond proceeds and state aid. Therefore no budget is presented.

During the fiscal year ended June 30, 2012, the School District made supplemental budget appropriations of \$435,472 for increased tuition, health benefits and salaries.

During the fiscal year ended June 30, 2012, the School District amended the special revenue fund by \$940,707 for increases in local, federal and state grants.

General Fund

The general fund actual revenue was \$32,282,012. That amount is \$2,074,402 above the final amended budget of \$30,207,610. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$2,030,399 for TPAF pension and social security reimbursements and \$44,003 for excesses in other anticipated revenues.

The actual expenditures of the general fund were \$34,634,581 including transfers which is \$4,426,971 above the final amended budget of \$30,207,610. The variance between the actual expenditures and final budget was due to non-budget on-behalf payments of \$2,030,399 for TPAF pension and social security reimbursements, and \$2,396,572 of overexpended budgeted funds.

General fund had total revenues and other financing sources of \$32,282,012 and total expenditures of \$34,634,581 with an ending fund balance of \$(2,214,490) on the budgetary basis of accounting.

**ELMWOOD PARK BOARD OF EDUCATION
ELMWOOD PARK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS, (continued)

Special Revenue Fund

The special revenue fund actual revenue was \$1,491,546. That amount is \$813,583 below the final amended budget of \$2,305,129. The variance between the actual revenues and the final budget was state and federal grant revenue that was anticipated to be spent by fiscal year end. The state and federal grant revenue will be received/realized in the next fiscal year.

The actual expenditures of the special revenue fund were \$1,491,546, which is \$813,583 below the final amended budget of \$2,305,129. The variance between the actual expenditures and the final budget was due to the anticipation of fully expending state and federal grant programs. Expenditures will be incurred in the next fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2012 the School District had \$51,367,289 invested in sites, buildings and equipment. Of this amount \$9,731,168 in depreciation has been taken over the years. We currently have a net book value of \$41,636,121. Table 3 shows fiscal year 2012 balances compared to 2011.

**Table 3
Capital Assets at June 30,
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	11,790	11,790			11,790	11,790
Buildings and Improvements	41,286,284	42,433,125			41,286,284	42,433,125
Furniture, Equipment and Vehicles	<u>167,536</u>	<u>225,444</u>	<u>170,511</u>	<u>173,825</u>	<u>338,047</u>	<u>399,269</u>
	<u>41,465,610</u>	<u>42,670,359</u>	<u>170,511</u>	<u>173,825</u>	<u>41,636,121</u>	<u>42,844,184</u>

For more detailed information, please refer to the Notes to Basic Financial Statements.

**ELMWOOD PARK BOARD OF EDUCATION
ELMWOOD PARK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

CAPITAL ASSETS AND DEBT ADMINISTRATION, (continued)

Debt Administration

At June 30, 2012, the District had \$27,482,560 of outstanding long-term debt. Of this amount, \$508,478 is for compensated absences; \$442,082 is for various capital leases; and \$26,532,000 of serial bonds for school construction.

**Table 4
Outstanding Serial Bonds at June 30,**

	<u>2012</u>	<u>2011</u>
2004 School Improvement Bonds	<u>\$26,532,000</u>	<u>\$27,482,000</u>
Total	<u>\$26,532,000</u>	<u>\$27,482,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Although the overall economy in the State of New Jersey shows signs of improvements, underlying state revenue projections look to be optimistic; however, tax collections are running behind estimates. The legislature and governor have approved a state budget for 2012-2013. State and federal aid to Elmwood Park increased by 58.48% over the past decade moving from \$2,927,969 in 2002-2003 to \$4,640,263 in 2011-2012 and out paced the growth of the local tax levy. Over the past decade, the local tax levy increased by 42.47% moving from \$19,288,748 in 2003-2004 to \$27,480,103 in 2011-2012. Local tax levy growth, as proposed by district administrators and adopted by the Board of Education, has been restricted due to the electorate defeating proposals at the polls and the resulting reductions the Board of Education negotiated with the Borough of Elmwood Park. District tax levy proposals failed eight times resulting in a total of \$4,224,481 in negotiated reductions. The following is a listing of budget results over the last ten years:

<u>Fiscal Year</u>	<u>Result</u>	<u>Tax Levy Reductions</u>
2011-2012	Pass	\$0
2010-2011	Pass	0
2009-2010	Fail	535,000
2008-2009	Fail	700,000
2007-2008	Fail	1,000,000
2006-2007	Fail	816,000
2005-2006	Fail	675,000
2004-2005	Fail	300,000
2003-2004	Fail	113,481
2002-2003	Fail	<u>85,000</u>
Total		<u>\$4,224,481</u>

**ELMWOOD PARK BOARD OF EDUCATION
ELMWOOD PARK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS, (continued)

General fund revenues have not kept pace with both general expenditure growth and mandated spending. This imbalance depleted the District's general fund surplus position by June 2010 and contributed to the general fund deficit over the past two years. Without a healthy surplus position, the District does not have the ability to absorb budget variations without considering direct cuts to the operating budget. The District's deficit position has grown to \$2,214,491 at fiscal year ended 2012 as the District continued to struggle with the pace of expenditure growth. Below are surplus (deficit) positions over the past five years:

<u>Fiscal Year End</u>	<u>Undesignated Fund Balance</u>	<u>On GAAP Basis</u>
June 2012	(\$2,214,491)	(\$2,295,554)
June 2011	(683,553)	(704,547)
June 2010	8,726	(183,765)
June 2009	276,488	99,400
June 2008	157,606	80,085

District enrollment growth over the past decade continues to place pressure on the District's operating budget. Elmwood Park Public Schools experienced enrollment growth of 16.41% over the past six years moving from 2,132 students in 2006-2007 to 2,482 students in 2011-2012 on an average daily enrollment basis. Based on actual enrollment reported for October 15th, the numbers produced an increase of 14.99% from October 2006 to October 2011. If the October 2003 enrollment is used, the growth rate is 20.72%. The following is an enrollment chart as per the October 15th snapshot:

<u>Snapshot</u>	<u>Budget Year</u>	<u>Enrollment</u>
October 2011	2012-2013	2,593
October 2010	2011-2012	2,473
October 2009	2010-2011	2,411
October 2008	2009-2010	2,386
October 2007	2008-2009	2,327
October 2006	2007-2008	2,255
October 2005	2006-2007	2,226
October 2004	2005-2006	2,186
October 2003	2004-2005	2,148

**ELMWOOD PARK BOARD OF EDUCATION
ELMWOOD PARK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS, (continued)

The population of students with an Individual Education Plan continues to trend upwards moving from 14.41% of the total enrollment on June 2005 to 22.03% by June 2012. Over the last two fiscal years, out of district tuition expenditures increased by 4.60% moving from \$4,858,689 in 2009-2010 to \$5,082,001 in 2010-2011 and 16.14% from 2010-2011 to \$5,902,472 in 2011-2012. Although the total tuition expenditure analyzed include vocational and charter school students, the cited cost indicator reflects the ongoing financial strain caused by mandatory spending. Below is student enrollment information based on the District's monthly enrollment report:

<u>Fiscal Year End</u>	<u>Total Student Enrollment</u>	<u>IEP Student Percentage IEP</u>	<u>Percentage OD Placements</u>
June 2012	2,560	22.03%	3.48%
June 2011	2,518	21.09	3.53
April 2010	2,408	18.98	3.70
June 2009	2,369	18.62	4.01
June 2008	2,272	17.17	3.48
June 2007	2,228	14.81	4.85
June 2006	2,227	13.79	4.67
June 2005	2,179	14.41	4.59

While the District is experiencing growth in special education, the free and reduced population continues to grow moving from 30.7% in May 2008 to 41.8% in May 2012. This demographic indicator reflects the negative impact that the overall economy had on the community. The following is a chart reflecting free and reduced pupil growth over the past five years:

<u>Enrollment Snapshot</u>	<u>Free and Reduced Students</u>	<u>Free and Reduced Percentage of Total Enrollment</u>
May 2012	1,039	41.8%
May 2011	978	40.1
May 2010	931	40.3
May 2009	808	33.9
May 2008	692	30.7

**ELMWOOD PARK BOARD OF EDUCATION
ELMWOOD PARK, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED (continued)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS, (continued)

The District administration will continue to face challenges resulting from the revenue/expenditure imbalance in the future. These challenges will continue to be but are not limited to increasing enrollment, mandatory spending growth related to specialized services, and addressing the needs of free and reduced students. Future operating budgets will continue to reflect contracting educational services as they will be necessary to offset rising operating costs. Needed capital projects, facility repairs, and renovations will also continue to be deferred farther into the future due to lack of available resources. In past year's budgets, Elmwood Park Board of Education eliminated administrative and instructional positions and associated costs, courtesy busing, and athletic and co-curricular activities. The process of identifying areas for reduction will continue to be increasingly difficult over time as areas for potential reductions continue to be exhausted.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Elmwood Park Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

William Moffitt
School Business Administrator
Elmwood Park Board of Education
60 East 53rd Street
Elmwood Park, New Jersey 07407

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	473,227	229,923	703,150
Investments	-		-
Receivables, net	921,385	71,447	992,832
Inventory		19,822	19,822
Prepaid Expenses		2,948	2,948
Restricted Assets:			
Prepaid Expenses	5,916		5,916
Capital Reserve Account - Cash	1		1
Capital Assets:			
Land and Construction in Progress	11,790		11,790
Other Capital Assets, net	41,453,820	170,511	41,624,331
Total Assets	<u>42,866,139</u>	<u>494,651</u>	<u>43,360,790</u>
LIABILITIES			
Cash Deficit			-
Accounts Payable and Accrued Liabilities	3,302,697	83,495	3,386,192
Interfunds Payable	150,555	155,816	306,371
Payable to Federal Government	1,333		1,333
Payable to State Government	519,182		519,182
Payable to Other Governments	25,659		25,659
Deferred Revenue	88,476	59,018	147,494
Temporary Note Payable	81,064		81,064
Noncurrent Liabilities:			
Due within one year	1,117,747		1,117,747
Due beyond one year	26,364,813		26,364,813
Total Liabilities	<u>31,651,526</u>	<u>298,329</u>	<u>31,949,855</u>
NET ASSETS			
Invested in Capital Assets, net of Related Debt	14,932,359	170,511	15,102,870
Restricted for:			
Debt Service	446		446
Capital Projects	1		1
Unrestricted (Deficit)	(3,718,193)	25,811	(3,692,382)
Total Net Assets	<u>11,214,613</u>	<u>196,322</u>	<u>11,410,935</u>

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

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular:	8,213,620	1,740,031		833,010	(9,120,641)		(9,120,641)
Special Education	2,261,707	347,075			(2,608,782)		(2,608,782)
Other Special Instruction	374,630	107,876			(482,506)		(482,506)
Other Instruction	547,561	119,336			(666,997)		(666,997)
Support services:							
Tuition	5,221,404	-			(5,221,404)		(5,221,404)
Student & Instruction Related Services	3,836,671	712,154		484,557	(4,064,268)		(4,064,268)
School Administrative Services	1,339,609	359,984			(1,699,593)		(1,699,593)
General Administrative Services	844,668	75,937			(920,605)		(920,605)
Central Services & Admin. Info. Technology	534,170	177,652			(711,822)		(711,822)
Plant Operations and Maintenance	3,186,256	401,016			(3,587,272)		(3,587,272)
Pupil Transportation	1,965,964	17,892			(1,983,856)		(1,983,856)
Unallocated Benefits	2,644,245	32,140			(2,676,385)		(2,676,385)
Capital Outlay - Non-depreciable	789,390	-		168,329	(621,061)		(621,061)
Charter Schools	149,739	-			(149,739)		(149,739)
Interest on Long-term Debt	1,155,584	(16,328)			(1,139,256)		(1,139,256)
Unallocated Depreciation	1,179,784	-			(1,179,784)		(1,179,784)
Total Governmental Activities	34,245,102	4,074,765	-	1,485,896	(36,833,971)	-	(36,833,971)
Business-type Activities:							
Food Service	1,006,654		589,347			90,986	90,986
Community School Program	7,390		9,290			1,900	1,900
Before Care/ After Care Program	111,802		153,421			41,619	41,619
Summer Camp Program	187,122		148,175			(38,947)	(38,947)
Summer Session Program	23,363		27,703			4,340	4,340
Total Business-type Activities	1,336,331		927,936			99,898	99,898
Total Primary Government	35,581,433		927,936			99,898	(36,734,073)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					27,480,103		27,480,103
Taxes Levied for Debt Service					2,105,580		2,105,580
Federal and State Aid not Restricted					4,640,263		4,640,263
Tuition					50,831		50,831
Investment Earnings						348	348
Miscellaneous Income					50,746		50,746
Board Approved Proprietary/General Fund Transfers					281,073	(281,073)	-
Total General Revenues, Special Items, Extraordinary Items and Transfers					34,608,596	(281,073)	34,327,871
Change in Net Assets					(2,225,375)	(180,827)	(2,406,202)
Net Assets—Beginning					13,439,988	377,149	13,817,137
Net Assets—Ending					11,214,613	196,322	11,410,935

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

FUND FINANCIAL STATEMENTS

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents		598,695	446	599,141
Interfund Receivables	62,635			62,635
Receivables from Other Governments	509,880	302,614		812,494
Other Receivables	46,256			46,256
Prepaid Expenses	5,916			5,916
Restricted Cash and Cash Equivalents	1			1
Total Assets	<u>624,688</u>	<u>901,309</u>	<u>446</u>	<u>1,526,443</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash Deficit	125,914			125,914
Accounts Payable	2,537,050	292,318		2,829,368
Interfund Payables	150,555			150,555
Payable to Other Governments	25,659			25,659
Payable to Federal Government		1,333		1,333
Payable to State Government		519,182		519,182
Temporary Note Payable	81,064			81,064
Deferred Revenue		88,476		88,476
Total Liabilities	<u>2,920,242</u>	<u>901,309</u>	<u>-</u>	<u>3,821,551</u>
Fund Balances:				
Restricted for:				
Capital Reserve Account	1			1
Debt Service			446	446
Unassigned:				
General Fund	(2,295,555)			(2,295,555)
Total Fund Balances	<u>(2,295,554)</u>	<u>-</u>	<u>446</u>	<u>(2,295,108)</u>
Total Liabilities and Fund Balances	<u>624,688</u>	<u>901,309</u>	<u>446</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$51,036,638 and the accumulated depreciation is \$9,574,449. 41,465,610

Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds. (473,329)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. (27,482,560)

Net assets of governmental activities 11,214,613

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

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the 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:				
Local Tax Levy	27,480,103		2,105,580	29,585,683
Tuition	50,831			50,831
Miscellaneous	50,746	23,261	-	74,007
Total - Local Sources	<u>27,581,680</u>	<u>23,261</u>	<u>2,105,580</u>	<u>29,710,521</u>
State Sources	4,629,002	263,188	-	4,892,190
Federal Sources	11,261	1,199,447		1,210,708
Total Revenues	<u>32,221,943</u>	<u>1,485,896</u>	<u>2,105,580</u>	<u>35,813,419</u>
EXPENDITURES				
Current:				
Regular Instruction	7,380,610	833,010		8,213,620
Special Education Instruction	2,261,707			2,261,707
Other Special Instruction	374,630			374,630
Other Instruction	547,661			547,661
Support Services and Undistributed Costs:				
Tuition	5,221,404			5,221,404
Student & Instruction Related Services	3,352,114	484,557		3,836,671
School Administrative Services	1,339,609			1,339,609
General Administrative Services	844,668			844,668
Central Services & Admin. Info. Technology	534,170			534,170
Plant Operations and Maintenance	3,186,256			3,186,256
Pupil Transportation	1,965,964			1,965,964
Unallocated Benefits	6,854,988			6,854,988
Capital Outlay	621,061	168,329		789,390
Transfer to Charter School	149,739			149,739
Debt Service:				
Principal			950,000	950,000
Interest and Other Charges			1,155,584	1,155,584
Total Expenditures	<u>34,634,581</u>	<u>1,485,896</u>	<u>2,105,584</u>	<u>38,226,061</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,412,638)</u>	<u>-</u>	<u>(4)</u>	<u>(2,412,642)</u>
OTHER FINANCING SOURCES (USES)				
Capital Leases (non-budgeted)	540,558			540,558
Transfers in:				
CARE Program	21,700			21,700
Summer Session Program	4,400			4,400
Community School Program	1,002			1,002
Food Service Program	253,971		-	253,971
Total other financing sources and (uses)	<u>821,631</u>	<u>-</u>	<u>-</u>	<u>821,631</u>
Net Change in Fund Balances	(1,591,007)	-	(4)	(1,591,011)
Fund Balance—July 1	(704,547)		450	(704,097)
Fund Balance (Deficit)—June 30	<u>(2,295,554)</u>	<u>-</u>	<u>446</u>	<u>(2,295,108)</u>

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

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2012

Total net change in fund balances - governmental funds (from B-2) (1,591,011)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation Expense	(1,204,750)
	Depreciable Capital Outlays	<u>-</u>
		(1,204,750)

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

In the current year, these amounts consist of:

Principal Payments on Capital Leases	176,756
Bond Principal	950,000

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Proceeds of long-term debt	
Capital Lease Proceeds	(540,558)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest net adjustment is an addition in the reconciliation.

16,328

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(Increase)/Decrease in Compensated Absences Payable	(32,140)
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Change in net assets of governmental activities (2,225,375)

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

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2012

Business-Type Activities -
Enterprise Fund

	Food Service Program	Community School Program	Before Care/ After Care Program	Summer Camp Program	Summer Session Program	Total Enterprise Fund
ASSETS						
Current Assets:						
Cash and Cash Equivalents	98,086	1,242	8,615	97,763	24,217	229,923
Accounts Receivable:						
State	861	-	-	-	-	861
Federal	33,005	-	-	-	-	33,005
Other	58	-	1,341	-	600	1,999
Interfunds Receivable	1,380	-	34,066	136	-	35,582
Prepaid Expenses	2,948	-	-	-	-	2,948
Inventories	17,317	-	-	2,505	-	19,822
Total Current Assets	<u>153,655</u>	<u>1,242</u>	<u>44,022</u>	<u>100,404</u>	<u>24,817</u>	<u>324,140</u>
Noncurrent Assets:						
Capital Assets:						
Equipment	330,651	-	-	-	-	330,651
Less Accumulated Depreciation	(160,140)	-	-	-	-	(160,140)
Total Capital Assets (Net of Accumulated Depreciation)	<u>170,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,511</u>
Total Assets	<u>324,166</u>	<u>1,242</u>	<u>44,022</u>	<u>100,404</u>	<u>24,817</u>	<u>494,651</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	83,405	90	-	-	-	83,495
Interfunds Payable	48,881	252	1,380	8,505	-	59,018
Deferred Revenue	3,457	-	35,731	91,836	24,792	155,816
Total Current Liabilities	<u>135,743</u>	<u>342</u>	<u>37,111</u>	<u>100,341</u>	<u>24,792</u>	<u>298,329</u>
NET ASSETS						
Invested in Capital Assets Net of Related Debt	170,511	-	-	-	-	170,511
Unrestricted	17,912	900	6,911	63	25	25,811
Total Net Assets	<u>188,423</u>	<u>900</u>	<u>6,911</u>	<u>63</u>	<u>25</u>	<u>196,322</u>

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

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Fund					Total Enterprise Fund
	Food Service Program	Community School Program	Before Care/ After Care Program	Summer Camp Program	Summer Session Program	
Operating Revenues:						
Charges for Services:						
Daily Sales - Reimbursable Programs	265,381	-	-	-	-	265,381
Daily Sales - Non-Reimbursable Programs	157,578	-	-	-	-	157,578
Special Events	126,313	-	-	-	-	126,313
Other Sales	40,075	-	-	-	-	40,075
Program Fees	-	9,290	153,421	148,175	27,703	338,589
Total Operating Revenues	589,347	9,290	153,421	148,175	27,703	927,936
Operating Expenses:						
Cost of food	487,374	-	-	-	-	487,374
Salaries	250,785	-	95,410	113,808	23,363	483,366
Supplies and materials	49,975	-	16,392	73,314	-	139,681
Employee Benefits	81,295	-	-	-	-	81,295
Depreciation	21,973	-	-	-	-	21,973
Purchased Professional/Technical Services	16,652	7,390	-	-	-	24,042
Purchased Property Services	98,600	-	-	-	-	98,600
Total Operating Expenses	1,006,654	7,390	111,802	187,122	23,363	1,336,331
Operating Income (Loss)	(417,307)	1,900	41,619	(38,947)	4,340	(408,395)
Nonoperating Revenues (Expenses):						
State Sources:						
State School Lunch Program	11,778	-	-	-	-	11,778
Federal Sources:						
National School Breakfast Program	68,063	-	-	-	-	68,063
National School Lunch Program	383,626	-	-	-	-	383,626
Food Distribution Program	44,826	-	-	-	-	44,826
Interest and Investment Revenue	209	2	-	52	85	348
Total Nonoperating Revenues (Expenses)	508,502	2	-	52	85	508,641
Income (Loss) Before Contributions & Transfers	91,195	1,902	41,619	(38,895)	4,425	100,246
Transfers In (Out)						
General Fund	(253,971)	(1,002)	(21,700)	-	(4,400)	(281,073)
Before/After Care	-	-	-	38,947	-	38,947
Summer Camp	-	-	(38,947)	-	-	(38,947)
Total Transfers In (Out)	(253,971)	(1,002)	(60,647)	38,947	(4,400)	(281,073)
Change in Net Assets	(162,776)	900	(19,028)	52	25	(180,827)
Total Net Assets—Beginning	351,199	-	25,939	11	-	377,149
Total Net Assets—Ending	188,423	900	6,911	63	25	196,322

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

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Fund					Total Enterprise Fund
	Food Service Program	Community School Program	Before Care/ After Care Program	Summer Camp Program	Summer Session Program	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers	609,506	9,542	131,834	158,630	51,895	961,407
Receipt/(Payment) for Interfunds	110,000	-	-	-	-	110,000
Payments to Employees	-	-	(95,410)	(113,808)	(23,363)	(232,581)
Payments for Employee Benefits	(990,216)	(7,300)	(16,350)	(70,065)	-	(1,083,931)
Payments to Suppliers	(60,277)	-	(42)	(5,754)	-	(66,073)
Net Cash Provided by (Used for) Operating Activities	(330,987)	2,242	20,032	(30,997)	28,532	(311,178)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
State Sources	12,497	-	-	-	-	12,497
Federal Sources	454,246	-	-	-	-	454,246
Operating Subsidies and Transfers to Other Funds	(205,090)	(1,002)	(60,647)	38,947	(4,400)	(232,192)
Net Cash Provided by (Used for) Non-Capital Financing Activities	261,653	(1,002)	(60,647)	38,947	(4,400)	234,551
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of Capital Assets	(18,659)	-	-	-	-	(18,659)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(18,659)	-	-	-	-	(18,659)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends	209	2	-	52	85	348
Net Cash Provided by (Used for) Investing Activities	209	2	-	52	85	348
Net Increase (Decrease) in Cash and Cash Equivalents	(87,784)	1,242	(40,615)	8,002	24,217	(94,938)
Balances—Beginning of Year	185,870	-	49,230	89,761	-	324,861
Balances—End of Year	98,086	1,242	8,615	97,763	24,217	229,923
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	(417,307)	1,900	41,619	(38,947)	4,340	(408,395)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities						
Depreciation and Net Amortization	21,973	-	-	-	-	21,973
Food Distribution Program	44,826	-	-	-	-	44,826
(Increase) Decrease in Accounts Receivable, Net	21,539	-	(46)	-	(600)	20,893
(Increase) Decrease in Interfund Receivable, Net	108,620	-	(1,295)	-	-	107,325
(Increase) Decrease in Prepaid Expenses	(2,948)	-	-	(2,505)	-	(5,453)
(Increase) Decrease in Inventories	(7,710)	-	-	-	-	(7,710)
Increase (Decrease) in Account Payable	(152,318)	90	(21,911)	-	-	(174,139)
Increase (Decrease) in Interfund Payable	48,881	252	-	8,505	-	57,638
Increase (Decrease) in Deferred Revenue	3,457	-	1,665	1,950	24,792	31,864
Total Adjustments	86,320	342	(21,587)	7,950	24,192	97,217
Net Cash Provided by (Used for) Operating Activities	(330,987)	2,242	20,032	(30,997)	28,532	(311,178)

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

Exhibit B-7

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Agency Fund</u>
ASSETS	
Cash and Cash Equivalents	457,347
Interfund Receivable - General Fund	124,859
Total Assets	<u>582,206</u>
LIABILITIES	
Payable to Student Groups	75,918
Payroll Deductions and Withholdings	492,786
Interfund Payable - General Fund	13,502
Total Liabilities	<u>582,206</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education (“Board”) of the Borough of Elmwood Park School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Elmwood Park School District is a Type II district located in the County of Bergen, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-12. 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 primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting major of the organization’s board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the Borough of Elmwood Park School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Board also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the board’s accounting policies are described below.

A. Basis of Presentation:

The Board’s basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation, (continued)

District-wide Financial Statements:

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *government*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

GOVERNMENTAL FUNDS, (continued)

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable to this fund are similar to those used by businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

PROPRIETARY FUNDS, (continued)

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund, Community School Program, Before and After Care Program, Summer Camp and Summer Session Program.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net assets and changes in net assets. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include Student Activities Fund and Payroll Agency Fund.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net assets and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net assets, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus: (continued)

Fund Financial Statements, (continued)

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education made a supplemental budgetary appropriation during the fiscal year in the amount of \$435,475 for tuition, health benefits and salaries.

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

The accounting records of the special revenue fund 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.

E. Encumbrances:

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

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E. Encumbrances: (continued)

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that 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 a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

H. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

J. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net assets and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value fo the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

K. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

L. Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

M. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

N. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

O. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

P. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

Q. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

R. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. The costs of tuition reimbursement, other employee benefits and on-behalf contributions have not been allocated and are reported separately on the Statement of Activities as unallocated benefits. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation.

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

S. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

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 District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2012, \$-0- of the District's bank balance of \$1,939,055 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 4. RECEIVABLES

Receivables at June 30, 2012, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund	District Wide Financial <u>Statements</u>
State Aid	\$500,285	\$861	\$508,488
Federal Aid	312,209	33,006	631,770
Due from Other Funds	62,635	35,582	64,015
Other Receivables	<u>46,256</u>	<u>1,999</u>	<u>40,022</u>
Gross Receivables	921,385	71,448	1,244,295
Less: Allowance for Uncollectibles			
Total Receivables, Net	<u>\$921,385</u>	<u>\$71,448</u>	<u>\$1,244,295</u>

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at June 30, 2012 consist of the following:

\$124,859	Due to the Payroll Agency Fiduciary Fund from the General Fund for short-term loan.
25,561	Due to the Before Care/After Care Fund from the General Fund for salary reimbursements.
136	Due to the Summer Camp Fund from the General Fund for salary reimbursements.
13,502	Due to the General Fund from the Net Payroll Fiduciary Fund for interest and excess deposits.
252	Due to the General Fund from the Community School Fund for board approved net equity transfer balances.
48,881	Due to the General Fund from the Food Service Fund for expenditures paid.
1,380	Due to the Food Service Fund from Before Care/After Care Fund for snack proceeds.
<u>8,505</u>	Due to Before Care/After Care Fund from Summer Camp Fund for program fees collected.
<u>\$223,076</u>	

It is anticipated that all interfunds will be liquidated during the next fiscal year.

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 6. CAPITAL ASSETS

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

	Balance 6/30/11	Additions	Deductions	Balance 6/30/12
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$11,790	\$	\$	\$11,790
Total Capital Assets, Not Being Depreciated	<u>11,790</u>	_____	_____	<u>11,790</u>
Capital Assets Being Depreciated				
Building and Building Improvements	49,703,377			49,703,377
Machinery and Equipment	<u>1,321,471</u>	_____	_____	<u>1,321,471</u>
Total Capital Assets, Being Depreciated	<u>51,024,848</u>	_____	_____	<u>51,024,848</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(7,270,252)	(1,146,841)		(8,417,093)
Equipment	<u>(1,096,026)</u>	<u>(57,909)</u>	_____	<u>(1,153,935)</u>
Total Accumulated Depreciation	<u>(8,366,278)</u>	<u>(1,204,750)</u>	_____	<u>(9,571,028)</u>
Total Capital Assets, Being Depreciated, Net	<u>42,658,570</u>	<u>(1,204,750)</u>	_____	<u>41,453,820</u>
Governmental Activities Capital Assets, Net	<u>\$42,670,360</u>	<u>(\$1,204,750)</u>	<u>\$</u>	<u>\$41,465,610</u>
	Balance 6/30/11	Additions	Deductions	Balance 6/30/12
Business-Type Activity				
Equipment	\$311,992	\$18,659	\$	\$330,651
Less Accumulated Depreciation				
Equipment	<u>(138,167)</u>	<u>(21,973)</u>	_____	<u>(160,140)</u>
Business-Type Activity Capital Assets, Net	<u>\$173,825</u>	<u>(\$3,314)</u>	<u>\$</u>	<u>\$170,511</u>

Depreciation expense was charged to governmental functions as follows.

Central Services & Admin. Info. Tech.	\$21,606
Plant Operations and Maintenance	3,360
Unallocated Depreciation	<u>1,179,784</u>
	<u>\$1,204,750</u>

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 7. LONG-TERM ACTIVITY

Changes in long-term obligations for the fiscal year ended June 30, 2012 are as follows:

	Balance <u>June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>June 30, 2012</u>	Amounts Due Within <u>One Year</u>
Compensated Absences Payable	\$476,338	\$137,025	\$(104,885)	\$508,478	
Bonds Payable	27,482,000		(950,000)	26,532,000	\$1,000,000
Obligations Under Capital Lease	<u>78,280</u>	<u>540,558</u>	<u>(176,756)</u>	<u>442,082</u>	<u>117,747</u>
	<u>\$28,036,618</u>	<u>\$677,583</u>	<u>(\$1,231,641)</u>	<u>\$27,482,560</u>	<u>\$1,117,747</u>

A. Bonds and Loans Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligations bonds.

Outstanding bonds payable at June 30, 2012, consisted of the following:

<u>Issue</u>	Original Amount <u>Issued</u>	<u>Issue Date</u>	Interest <u>Rate</u>	<u>Date of Maturity</u>	Principal Balance <u>June 30, 2012</u>
School Improvement Bonds of 2004	\$31,482,000.00	10/15/2004	4.00%-4.50%	8/01/2029	<u>\$26,532,000</u>

Principal and interest due on serial bonds outstanding is as follows:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2013	\$2,115,365	\$1,000,000	\$1,115,365
2014	2,123,084	1,050,000	1,073,084
2015	2,128,740	1,100,000	1,028,740
2016	2,132,334	1,150,000	982,334
2017	2,133,865	1,200,000	933,865
2018-2022	10,715,981	6,850,000	3,865,981
2023-2027	10,516,281	8,250,000	2,266,281
2028-2030	<u>6,345,100</u>	<u>5,932,000</u>	<u>413,100</u>
	<u>\$38,210,750</u>	<u>\$26,532,000</u>	<u>\$11,678,750</u>

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 7. LONG-TERM ACTIVITY, (continued)

B. Bonds Authorized But Not Issued:

As of June 30, 2012 the Board had no authorized but not issued bonds.

C. Capital Leases Payable:

The District is leasing computer and copying equipment under capital leases. All capital leases are for terms of three to five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2012.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$117,747	\$11,947	\$129,694
2014	108,112	8,919	117,031
2015	108,112	5,946	114,058
2016	<u>108,112</u>	<u>2,973</u>	<u>111,085</u>
Total Minimum Lease Payments	<u>\$442,083</u>	<u>\$29,785</u>	<u>\$471,868</u>

NOTE 8. OPERATING LEASES

The District also has commitments to lease copying equipment under operating leases which expire in June, 2015. Total operating lease payments made during the year ended June 30, 2012 were \$100,954. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$100,954
2014	100,954
2015	<u>72,303</u>
Total future minimum lease payments	<u>\$274,211</u>

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 9. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Contribution Requirements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 9. PENSION PLANS, (continued)

During the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

Year <u>Ending</u>	
6/30/12	\$362,170
6/30/11	315,765
6/30/10	233,744

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits were as follows:

Year <u>Ending</u>	Pension <u>Contributions</u>	Post-Retirement Medical <u>Contributions</u>	NCGI <u>Premium</u>
6/30/12	\$345,790	\$769,725	\$37,108
6/30/11	-0-	738,880	34,787
6/30/10	-0-	703,605	37,463

During the fiscal year ended June 30, 2012, the State of New Jersey contributed \$1,152,623 to the TPAF for NCGI Premium contributions and post-retirement medical benefits on behalf of the District, \$37,108 was for noncontributory life insurance premiums and \$769,725 was for post-retirement medical benefits. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$877,776 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 has been included in the district-wide financial statements, and the combining and the fund-based statements as revenues and expenditures in accordance with GASB 24.

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for 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 in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding 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 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2011, the State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable	Oppenheimer
Great American Life Insurance	Valic
Metropolitan Life Insurance	

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 12. RISK MANAGEMENT, (continued)

New Jersey Unemployment Compensation Insurance - As of December 31, 2003, the District has elected to fund its New Jersey Unemployment Compensation Insurance under the contributory method. Under this method, the District remits all contributions to the State of New Jersey Unemployment Trust Fund. Prior to December 31, 2003, the District had elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method".

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Elmwood Park Board of Education by inclusion of \$1 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). 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. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2011	<u>\$1.00</u>
Ending balance, June 30, 2012	<u>\$1.00</u>

NOTE 14. FUND BALANCE APPROPRIATED

General Fund [Exhibit B-1] - Of the \$(2,295,554) General Fund fund balance at June 30, 2012, \$-0- is reserved for encumbrances; \$-0- is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$-0- of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2013); \$1.00 has been reserved in the Capital Reserve Account; \$-0- has been appropriated and included as anticipated revenue for the year ending June 30, 2013; and \$(2,295,555) is unreserved and undesigned.

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$-0-.

NOTE 16. INVENTORY

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	\$15,626
Supplies	<u>1,691</u>
	<u>\$17,317</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 17. DEFICIT FUND BALANCES

The District has a deficit fund balance of \$(2,295,554) in the General Fund as of June 30, 2012 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district can not recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the payment of state aid until the following year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP fund statements of \$(2,295,554) is more than the last state aid payment of \$81,064 and, therefore, is in violation of New Jersey statute and corrective action is required.

**Borough of Elmwood Park School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2012**

NOTE 18. CONTINGENT LIABILITIES

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

ELMWOOD PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	27,480,103		27,480,103	27,480,103	-
Tuition			-	50,831	50,831
Interest earned on Capital Reserve Funds			-	-	-
Miscellaneous	50,000		50,000	50,746	746
Total - Local Sources	27,530,103	-	27,530,103	27,581,680	51,577
State Sources:					
Extraordinary Aid	303,000	134,994	437,994	437,994	-
Categorical Special Education Aid	1,401,347		1,401,347	1,401,347	-
Equalization Aid	501,091	255,720	756,811	756,811	-
Security Aid		44,758	44,758	44,758	-
Additional Non-Public Transportation				17,762	17,762
TPAF Post Retirement Medical					
Contributions (On-Behalf - Non-Budgeted)				769,725	769,725
TPAF Pension Contribution (On-Behalf - Non-Budgeted)				382,898	382,898
TPAF Social Security (Reimbursed - Non-Budgeted)				877,776	877,776
Total - State Sources	2,205,438	435,472	2,640,910	4,689,071	2,048,161
Federal Sources:					
Medicaid Assistance Program (SEMI)	36,597	-	36,597	11,261	(25,336)
Total - Federal Sources	36,597	-	36,597	11,261	(25,336)
TOTAL REVENUES	29,772,138	435,472	30,207,610	32,282,012	2,074,402
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	430,383	41,362	471,745	471,745	-
Grades 1-5 - Salaries of Teachers	2,455,390	(61,432)	2,393,958	2,393,958	-
Grades 6-8 - Salaries of Teachers	1,287,020	4,901	1,291,921	1,291,921	-
Grades 9-12 - Salaries of Teachers	2,262,644	99,270	2,361,914	2,361,914	-
Regular Programs - Home Instruction:					
Salaries of Teachers	-	17,831	17,831	17,831	-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	88,569	(3,423)	85,146	85,146	-
Purchased Prof. Educational Services	11,800	(11,125)	675	675	-
Purchased Technical Services	212,602	(127,411)	85,191	85,191	-
Other Purchased Services (400-500 series)	181,940		81,566	263,506	-
General Supplies	234,522	(34,506)	200,016	200,016	-
Textbooks	143,209	65,498	208,707	208,707	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	7,308,079	72,531	7,380,610	7,380,610	-
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	213,551	13,698	227,249	227,249	-
Other Salaries for Instruction	29,523	(9,026)	20,497	20,497	-
General Supplies	300	(92)	208	208	-
Total Learning and/or Language Disabilities	243,374	4,580	247,954	247,954	-
Behavioral Disabilities:					
Salaries of Teachers	147,171	18,653	165,824	165,824	-
Other Salaries for Instruction	24,561	5,915	30,476	30,476	-
General Supplies	9,570	(8,178)	1,392	1,392	-
Total Behavioral Disabilities	181,302	16,390	197,692	197,692	-
Multiple Disabilities:					
Salaries of Teachers	56,625	10,848	67,473	67,473	-
Other Salaries for Instruction	25,518	(4,110)	21,408	21,408	-
General Supplies	959	(98)	861	861	-
Total Multiple Disabilities	83,102	6,640	89,742	89,742	-
Resource Room/Resource Center:					
Salaries of Teachers	1,057,220	17,100	1,074,320	1,074,320	-
Other Salaries for Instruction	85,209	45,461	130,670	130,670	-
General Supplies	4,475	(4,068)	407	407	-
Total Resource Room/Resource Center	1,146,904	58,493	1,205,397	1,205,397	-
Autism:					
Salaries of Teachers	49,146	57,843	106,989	106,989	-
Other Salaries for Instruction	14,472	18,354	32,826	32,826	-
General Supplies	300	(92)	208	208	-
Total Autism	63,918	76,105	140,023	140,023	-
Preschool Disabilities - Full-Time:					
Salaries of Teachers	255,010	29,684	284,694	284,694	-
Other Salaries for Instruction	14,472	63,915	78,387	78,387	-
General Supplies	600	(411)	189	189	-
Total Preschool Disabilities - Full-Time	270,082	93,188	363,270	363,270	-
Home Instruction:					
Salaries of Teachers	-	17,629	17,629	17,629	-
Total Home Instruction	-	17,629	17,629	17,629	-
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,988,682	273,025	2,261,707	2,261,707	-

ELMWOOD PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Basic Skills/Remedial - Instruction					
Salaries of Teachers	102,394	123,705	226,099	226,099	-
Other Salaries for Instruction	3,645	(3,645)			-
General Supplies	-	101	101	101	-
Total Basic Skills/Remedial - Instruction	106,039	120,161	226,200	226,200	-
Bilingual Education - Instruction					
Salaries of Teachers	145,462	2,968	148,430	148,430	-
Other Salaries for Instruction	1,575	(1,575)			-
Total Bilingual Education - Instruction	147,037	1,393	148,430	148,430	-
School-Sponsored Co/Extra-Curr. Activities - Instruction					
Salaries	120,985	(6,325)	114,660	114,660	-
Supplies and Materials	12,080	1,214	13,294	13,294	-
Total School-Sponsored Co/Extra-Curr. Activities - Instruction	133,065	(5,111)	127,954	127,954	-
School-Sponsored Athletics - Instruction					
Salaries	269,603	30,555	299,658	299,658	-
Purchased Services (300-500 series)	73,433	(6,753)	66,680	66,680	-
Supplies and Materials	59,381	(23,866)	35,515	35,515	-
Other Objects	10,252	698	10,950	10,950	-
Total School-Sponsored Athletics - Instruction	412,669	134	412,803	412,803	-
Other Instructional Programs - Instruction					
Purchased Services (300-500 series)		5,170	5,170	5,170	-
Supplies and Materials	-	1,734	1,734	1,734	-
Total Other Instructional Programs - Instruction		6,904	6,904	6,904	-
TOTAL INSTRUCTION	10,095,571	469,037	10,564,608	10,564,608	-
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	185,731	56,565	242,296	242,296	-
Tuition to County Voc. School Dist. - Regular	766,174	10,014	776,188	776,188	-
Tuition to CSSD & Regional Day Schools	637,638	198,820	746,458	1,184,201	(437,743)
Tuition to Private Schools for the Disabled - Within State	3,211,087	(118,813)	3,092,274	3,005,219	87,055
Tuition - State Facilities	-	-	-	13,500	(13,500)
Total Undistributed Expenditures - Instruction:	4,800,630	56,586	4,857,216	5,221,404	(364,188)
Undistributed Expend. - Attend. & Social Work					
Salaries	46,920	63,631	110,551	110,551	-
General Supplies	5,000	(5,000)			-
Total Undistributed Expend. - Attend. & Social Work	51,920	58,631	110,551	110,551	-
Undist. Expend. - Health Services					
Salaries	287,038	(78)	286,960	286,960	-
Purchased Professional and Technical Services	50,000	(29,675)	20,325	20,325	-
Supplies and Materials	5,000	856	5,856	5,856	-
Total Undistributed Expenditures - Health Services	342,038	(28,897)	313,141	313,141	-
Undist. Expend. - Speech, OT, PT & Related Svcs					
Salaries	246,822	7,088	253,910	253,910	-
Purchased Professional - Educational Services	73,120	6,635	79,755	79,755	-
Total Undist. Expend. - Speech, OT, PT & Related Svcs	319,942	13,723	333,665	333,665	-
Undist. Expend. - Other Supp. Serv. Students-Extra. Serv.					
Salaries	397,541	34,270	431,811	431,811	-
Purchased Prof. Educational Services	405,153	17,132	422,285	644,016	(221,731)
Supplies and Materials	4,314	13,495	17,809	17,809	-
Total Undist. Expend. - Other Supp. Serv. Students-Extra. Serv.	807,008	64,897	871,905	1,093,636	(221,731)
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	457,072	44,131	501,203	501,203	-
Salaries of Secretarial and Clerical Assistants	32,686	3,080	35,766	35,766	-
Other Purchased Services (400-500 series)	7,211	1,671	8,882	8,882	-
Supplies and Materials	4,000	(331)	3,669	3,669	-
Total Undist. Expend. - Guidance	500,969	48,551	549,520	549,520	-
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	603,440	(83,001)	520,439	520,439	-
Salaries of Secretarial and Clerical Assistants	31,963	(60)	31,903	31,903	-
Purchased Professional - Educational Services	24,105	(22,553)	1,552	1,552	-
Other Purchased Prof. and Tech. Services	52,446	(23,822)	28,624	28,624	-
Other Purchased Service (400-500 series o/then Resid Costs)	7,211	1,868	9,079	9,079	-
Supplies and Materials	1,943	18	1,961	1,961	-
Total Undist. Expend. - Child Study Teams	721,108	(127,550)	593,558	593,558	-
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Other Professional Staff	93,732	4,174	97,906	97,906	-
Salaries of Secretarial and Clerical Assistants	45,740	55	45,795	45,795	-
Other Purchased Prof. and Tech. Services	55,495	(35,205)	20,290	20,290	-
Other Purchased Services (400-500 series)	7,211	1,672	8,883	8,883	-
Supplies and Materials	6,700	(3,622)	3,078	3,078	-
Total Undist. Expend. - Improvement of Inst. Serv.	208,878	(32,926)	175,952	175,952	-
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	107,604	(54,094)	53,510	53,510	-
Other Purchased Services (400-500 series)	7,211	1,671	8,882	8,882	-
Supplies and Materials	26,203	(9,423)	16,780	16,780	-
Total Undist. Expend. - Educational Media Serv./Sch. Library	141,018	(61,846)	79,172	79,172	-

ELMWOOD PARK BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Other Professional Staff	88,969	13,768	102,737	102,737	-
Other Purchased Services (400-500 series)	4,000	(3,818)	182	182	-
Total Undist. Expend. - Instructional Staff Training Serv.	92,969	9,950	102,919	102,919	-
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	256,656	6,984	263,640	263,640	-
Legal Services	85,802	-	85,802	252,916	(167,114)
Audit Fees	36,000	-	36,000	36,000	-
Other Purchased Professional Services	19,000	-	19,000	107,066	(88,066)
Purchased Technical Services	7,000	7,184	14,184	14,184	-
Communications/Telephone	100,452	(8,917)	91,535	91,535	-
BOE Other Purchased Services	3,000	(2,717)	283	283	-
Misc. Purchased Services (400-500 series)	12,311	6,732	19,043	19,043	-
Supplies and Materials	-	8,380	8,380	8,380	-
General Supplies	24,000	(10,685)	13,315	13,315	-
Miscellaneous Expenditures	6,000	8,502	14,502	14,502	-
BOE Membership Dues and Fees	22,634	1,170	23,804	23,804	-
Total Undist. Expend. - Supp. Serv. - General Administration	572,855	16,633	589,488	844,668	(255,180)
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	902,815	20,039	922,854	922,854	-
Salaries of Secretarial and Clerical Assistants	404,871	(77,917)	326,954	326,954	-
Purchased Professional and Technical Services	800	(714)	86	86	-
Other Purchased Services (400-500 series)	36,056	8,422	44,478	44,478	-
Supplies and Materials	50,135	(5,979)	44,156	44,156	-
Other Objects	1,996	(915)	1,081	1,081	-
Total Undist. Expend. - Support Serv. - School Administration	1,396,673	(57,064)	1,339,609	1,339,609	-
Undist. Expend. - Central Services					
Salaries	418,455	12,918	431,373	431,373	-
Purchased Professional Services	23,037	19,317	42,354	42,354	-
Purchased Technical Services	3,000	962	3,962	3,962	-
Misc. Purchased Services (400-500 series)	13,000	31,687	44,687	44,687	-
Supplies and Materials	10,000	(118)	9,882	9,882	-
Other Objects	1,100	812	1,912	1,912	-
Total Undist. Expend. - Central Services	468,592	65,578	534,170	534,170	-
Undist. Expend. - Admin. Info. Technology					
Salaries	95,206	15,188	110,394	110,394	-
Purchased Technical Services	41,399	(20,600)	20,799	72,694	(51,895)
Other Purchased Services (400-500 series)	21,830	5,946	27,776	27,776	-
Supplies and Materials	26,300	-	26,300	45,167	(18,867)
Other Objects	600	(390)	210	210	-
Total Undist. Expend. - Admin. Info. Technology	185,335	144	185,479	256,241	(70,762)
Undist. Expend. - Required Maint. for School Facilities					
Salaries	213,365	51,055	264,420	264,420	-
Cleaning, Repair and Maintenance Services	236,517	(3,019)	233,498	233,498	-
General Supplies	240,760	(116,644)	124,116	124,116	-
Undist. Expend. - Required Maint. for School Facilities	690,642	(68,608)	622,034	622,034	-
Undist. Expend. - Custodial Services					
Salaries	1,103,655	44,805	1,148,460	1,148,460	-
Salaries of Non-Instructional Aides	-	-	-	-	-
Purchased Professional and Technical Services	10,399	(7,342)	3,057	3,057	-
Cleaning, Repair and Maintenance Services	103,972	75,950	179,922	201,547	(21,625)
Other Purchased Property Services	38,187	(14,706)	23,481	23,481	-
Insurance	159,450	-	159,450	222,352	(62,902)
General Supplies	22,565	(1,906)	20,659	20,659	-
Energy (Gasoline)	-	-	-	-	-
Energy (Natural Gas)	-	619,500	619,500	688,425	(68,925)
Energy (Energy and Electricity)	619,500	(619,500)	-	-	-
Total Undist. Expend. - Custodial Services	2,057,728	96,801	2,154,529	2,307,981	(153,452)

ELMWOOD PARK BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Total Undist. Expend. - Care and Upkeep of Grounds					
Undist. Expend. - Security					
Purchased Professional and Technical Services	-	-	-	-	-
General Supplies	-	-	-	-	-
Total Undist. Expend. - Security					
Total Undist. Expend. - Other Oper. & Maint. Of Plant	2,748,370	28,193	2,776,563	2,930,015	(153,452)
Undist. Expend. - Student Transportation Services					
Salaries of Non-Instructional Aides	25,946	(25,946)	-	-	-
Salaries for Pupil Trans (Bet. Home and Sch.) - Reg.	-	25,902	25,902	25,902	-
Salaries for Pupil Trans (Bet. Home and Sch.) - Sp. Ed.	25,946	(66)	25,880	25,880	-
Salaries for Pupil Trans (Other than Between Home and School)	1,347	8,988	10,335	10,335	-
Cleaning, Repair and Maintenance Services	-	4,450	4,450	4,450	-
Contract Services (Bet. Home & Sch.) - Vendors	36,711	(36,711)	-	-	-
Contract Services (Other than Between Home & School)-Vendors	61,727	(19,583)	42,144	42,144	-
Contract Service (Reg. Students)-ESC's & CTSA's	120,098	15,159	135,257	210,618	(74,761)
Contract Service (Spl. Ed. Students) - ESC's & CTSA's	1,317,388	-	1,317,388	1,537,817	(220,429)
Contract Service - Aid in Lieu Pymts - NonPub Sch.	90,000	10,535	100,535	100,535	-
Misc. Purchased Services - Transportation	-	8,883	8,883	8,883	-
Total Undist. Expend. - Student Transportation Services	1,679,163	(8,389)	1,670,774	1,965,964	(295,190)
UNALLOCATED BENEFITS					
Social Security Contributions	300,028	-	300,028	370,287	(70,259)
Other Retirement Contributions - PERS	-	-	-	362,170	(362,170)
Unemployment Compensation	-	23,831	23,831	84,095	(60,264)
Worker's Compensation	198,406	(14,670)	183,736	183,736	-
Health Benefits	3,563,482	6,325	3,569,807	3,572,625	(2,818)
Tuition Reimbursement	48,207	-	48,207	48,207	-
Other Employee Benefits	352,473	(149,004)	203,469	203,469	-
TOTAL UNALLOCATED BENEFITS	4,462,596	(133,518)	4,329,078	4,824,589	(495,511)
TPAF Post Retirement Medical Contributions (On-Behalf - Non-Budgeted)	-	-	-	769,725	(769,725)
TPAF Pension Contribution (On-Behalf - Non-Budgeted)	-	-	-	382,898	(382,898)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	877,776	(877,776)
TOTAL ON-BEHALF CONTRIBUTIONS				2,030,399	(2,030,399)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	4,462,596	(133,518)	4,329,078	6,854,988	(2,525,910)
TOTAL UNDISTRIBUTED EXPENDITURES	19,500,064	(87,304)	19,412,760	23,299,173	(3,886,413)
TOTAL GENERAL CURRENT EXPENSE	29,595,635	381,733	29,977,368	33,863,781	(3,886,413)
CAPITAL OUTLAY					
Facilities Acquisition of Construction Serv.					
Other Objects	80,503	-	80,503	80,503	-
Total Facilities Acquisition and Construction	80,503	-	80,503	80,503	-
Assets Acquired Under Capital Leases (non-budgeted)					
Undistributed Expenditures - Instruction	-	-	-	540,558	(540,558)
Total Assets Acquired Under Capital Leases (non-budgeted)				540,558	(540,558)
TOTAL CAPITAL OUTLAY	80,503	-	80,503	621,061	(540,558)
Transfer of Funds to Charter Schools	96,000	53,739	149,739	149,739	-
TOTAL EXPENDITURES	29,772,138	435,472	30,207,610	34,634,581	(4,426,971)

ELMWOOD PARK BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(2,352,569)	(2,352,569)
Other Financing Sources/(Uses):					
Capital Leases (non-budgeted)				540,558	(540,558)
Operating Transfers In:					
CARE Program				21,700	(21,700)
Summer Session Program				4,400	(4,400)
Community School Program				1,002	(1,002)
Food Service Fund				253,971	(253,971)
Total Other Financing Sources/(Uses):	-	-	-	821,631	(821,631)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	(1,530,938)	(3,174,200)
Fund Balance, July 1	(683,552)	(683,552)		(683,552)	-
Fund Balance, June 30	<u>(683,552)</u>	<u>(683,552)</u>	-	<u>(2,214,490)</u>	<u>(3,174,200)</u>
Recapitulation of excess (deficiency) of revenues under expenditures Budgeted Fund Balance			-	(1,530,938)	(1,530,938)
	-	-	-	<u>(1,530,938)</u>	<u>(1,530,938)</u>
Recapitulation:					
Restricted Fund Balance					
Capital Reserve				1	
Unassigned Fund Balance					
Unrestricted Fund Balance - Undesignated				<u>(2,214,491)</u>	<u>(2,214,490)</u>
Statement (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				<u>(81,064)</u>	<u>(2,295,554)</u>

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended June 30, 2012

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	306,172	39,062	39,062	23,261	(15,801)
State Sources	1,038,250	474,918	781,090	263,188	(517,902)
Federal Sources		426,727	1,484,977	1,205,097	(279,880)
Total Revenues	1,364,422	940,707	2,305,129	1,491,546	(813,583)
EXPENDITURES:					
Instruction:					
Salaries of Teachers		(1,099,807)	264,615	264,615	-
Purchased Professional and Educational Services	1,364,422	30,704	30,704		30,704
Other Purchased Services (400-500 series)		627,935	627,935	538,137	89,798
General Supplies		49,271	49,271	18,670	30,601
Textbooks		11,682	11,682	11,588	94
Total Instruction	1,364,422	(380,215)	984,207	833,010	151,197
Support Services:					
Salaries of Program Director		4,831	4,831	4,831	-
Salaries of Other Professional Staff		39,592	39,592	18,085	21,507
Personal Services - Employee Benefits		55,875	55,875	46,345	9,530
Purchased Professional - Educational Services		946,201	946,201	414,185	532,016
Travel		22,000	22,000		22,000
Supplies & Materials		27,135	27,135	6,061	21,074
Other Objects			700	700	-
Total Support Services	-	1,095,634	1,096,334	490,207	606,127
Facilities Acquisition and Const. Serv.:					
Architectural/Engineering Services		8,468	8,468	8,468	-
Construction Services		216,120	216,120	159,861	56,259
Total Facilities Acquisition and Const. Serv.	-	224,588	224,588	168,329	56,259
Total Expenditures	1,364,422	940,007	2,305,129	1,491,546	813,583
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information
For the Year Ended June 30, 2012

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	32,282,012	1,491,546
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			(5,650)
The last State aid payment is recognized as revenue for budgetary purposes in the General Fund, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).		(81,064)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		20,995	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	32,221,943	1,485,896
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	34,634,581	1,491,546
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 <i>financial reporting</i> purposes.		N/A	(5,650)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	34,634,581	1,485,896

SPECIAL REVENUE FUND

ELMWOOD PARK BOARD OF EDUCATION

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1a)	Title I Improving Basic Programs	Title II, Part A Teacher & Principal Training & Recruiting	Title III, English Language Acq. and Language Enhancement	IDEA Part B Basic	Totals 2012
REVENUES						
Local Sources	23,261	-	-	-	-	23,261
State Sources	263,188	-	17,150	3,170	598,550	263,188
Federal Sources	246,543	339,684	-	-	-	1,205,097
Total Revenues	532,992	339,684	17,150	3,170	598,550	1,491,546
EXPENDITURES:						
Instruction:						
Salaries of Teachers	-	264,615	-	-	-	264,615
Other Salaries for Instruction	-	-	-	-	-	-
Other Purchased Services	17,036	6,808	-	-	514,293	538,137
General Supplies	15,500	-	-	3,170	-	18,670
Textbooks	11,588	-	-	-	-	11,588
Total instruction	44,124	271,423	-	3,170	514,293	833,010
Support Services:						
Salaries of Supervisors of Instruction	-	-	-	-	-	-
Salaries of Program Directors	-	4,831	-	-	-	4,831
Salaries of Other Professional Staff	1,000	17,085	-	-	-	18,085
Personal Services - Employee Benefits	-	46,345	-	-	-	46,345
Purchased Professional & Educational Services	312,778	-	17,150	-	84,257	414,185
Supplies and Materials	6,061	-	-	-	-	6,061
Other Objects	700	-	-	-	-	700
Total support services	320,539	68,261	17,150	-	84,257	490,207
Facilities acquisition and const. serv.:						
Architectural/Engineering Services	8,468	-	-	-	-	8,468
Construction Services	159,861	-	-	-	-	159,861
Total facilities acquisition and const. serv.	168,329	-	-	-	-	168,329
Total Expenditures	532,992	339,684	17,150	3,170	598,550	1,491,546
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

ELMWOOD PARK BOARD OF EDUCATION

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis

For the Fiscal Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1b)	IDEA Part B, Basic Preschool	ARRA - IDEA Part B, Basic Carryover	ARRA - IDEA Part B, Basic Preschool Carryover	Non-public Textbooks	Total Carried Forward
REVENUES						
State Sources	23,261					23,261
Federal Sources	251,600	22,583	201,789	22,171	11,588	263,188
Total Revenues	274,861	22,583	201,789	22,171	11,588	532,992
EXPENDITURES:						
Instruction:						
Salaries of Teachers	-					-
Other Salaries for Instruction	-					-
Other Purchased Services	15,500	17,036				17,036
General Supplies	-					15,500
Textbooks	-				11,588	11,588
Total instruction	15,500	17,036	-	-	11,588	44,124
Support services:						
Salaries of Supervisors of Instruction	-					-
Salaries of Program Directors	-					-
Salaries of Other Professional Staff	1,000					1,000
Personal Services - Employee Benefits	-					-
Purchased Professional & Educational Services	251,600	5,547	33,460	22,171		312,778
Supplies and Materials	6,061					6,061
Other Objects	700					700
Total support services	259,361	5,547	33,460	22,171	-	320,539
Facilities acquisition and const. serv.:						
Architectural/Engineering Services	-		8,468			8,468
Construction Services	-		159,861			159,861
Total facilities acquisition and const. serv.	-	-	168,329	-	-	168,329
Total Expenditures	274,861	22,583	201,789	22,171	11,588	532,992
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

ELMWOOD PARK BOARD OF EDUCATION

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis

For the Fiscal Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1d)	Non-Public Handicapped Services Aid - Chp. 193 Examination and Classification	Corrective Speech	Supplementary Instruction	Exxon/Mobil	Total Carried Forward
REVENUES						
Local Sources	22,761				500	23,261
State Sources	-	21,097	37,360	17,959		76,416
Federal Sources	-					-
Total Revenues	22,761	21,097	37,360	17,959	500	99,677
EXPENDITURES:						
Instruction:						
Salaries of Teachers	-					-
Other Salaries for Instruction	-					-
Other Purchased Services	-					-
General Supplies	15,000				500	15,500
Textbooks	-					-
Total instruction	15,000	-	-	-	500	15,500
Support services:						
Salaries of Supervisors of Instruction	-					-
Salaries of Program Directors	-					-
Salaries of Other Professional Staff	1,000					1,000
Personal Services - Employee Benefits	-					-
Purchased Professional & Educational Services	-	21,097	37,360	17,959		76,416
Supplies and Materials	6,061					6,061
Other Objects	700					700
Total support services	7,761	21,097	37,360	17,959		84,177
Facilities acquisition and const. serv.:						
Architectural/Engineering Services	-					-
Construction Services	-					-
Total facilities acquisition and const. serv.	-	-	-	-	-	-
Total Expenditures	22,761	21,097	37,360	17,959	500	99,677
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

ELMWOOD PARK BOARD OF EDUCATION
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2012

	Total Brought Forward (Ex. E-1c)	Non-Public Auxiliary Services - Chapter 192				Total Carried Forward
		Non-Public Nursing	Compensatory Education	English as a Second Lang.	Home Instruction	
REVENUES						
Local Sources	23,261					23,261
State Sources	76,416	16,687	121,643	19,827	891	251,600
Federal Sources	-					-
Total Revenues	99,677	16,687	121,643	19,827	891	274,861
EXPENDITURES:						
Instruction:						
Salaries of Teachers	-					-
Other Salaries for Instruction	-					-
Other Purchased Services	-					-
General Supplies	15,500					15,500
Textbooks	-					-
Total instruction	15,500					15,500
Support services:						
Salaries of Supervisors of Instruction	-					-
Salaries of Program Directors	-					-
Salaries of Other Professional Staff	1,000					1,000
Personal Services - Employee Benefits	-					-
Purchased Professional & Educational Services	76,416	16,687	121,643	19,827	891	251,600
Supplies and Materials	6,061					6,061
Other Objects	700					700
Total support services	84,177	16,687	121,643	19,827	891	259,361
Facilities acquisition and const. serv.:						
Architectural/Engineering Services	-					-
Construction Services	-					-
Total facilities acquisition and const. serv.	-	-	-	-	-	-
Total Expenditures	99,677	16,687	121,643	19,827	891	274,861
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-

ELMWOOD PARK BOARD OF EDUCATION
 Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2012

	Bergen County Guidance Grant	Donation - Gilbert Avenue Home and School Assoc.	MSG Varsity	NJSBAIG Safety Grant	Total Carried Forward
REVENUES					
Local Sources	700	15,000	1,000	6,061	22,761
State Sources	-	-	-	-	-
Federal Sources	-	-	-	-	-
Total Revenues	700	15,000	1,000	6,061	22,761
EXPENDITURES:					
Instruction:					
Salaries of Teachers	-	-	-	-	-
Other Salaries for Instruction	-	-	-	-	-
Other Purchased Services	-	15,000	-	-	15,000
General Supplies	-	-	-	-	-
Textbooks	-	-	-	-	-
Total instruction	-	15,000	-	-	15,000
Support services:					
Salaries of Supervisors of Instruction	-	-	-	-	-
Salaries of Program Directors	-	-	-	-	-
Salaries of Other Professional Staff	-	-	1,000	-	1,000
Personal Services - Employee Benefits	-	-	-	-	-
Purchased Professional & Technical Services	-	-	-	6,061	6,061
Other Purchased Services	700	-	-	-	700
Other Objects	-	-	-	-	-
Total support services	700	-	1,000	6,061	7,761
Facilities acquisition and const. serv.:					
Architectural/Engineering Services	-	-	-	-	-
Construction Services	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-
Total Expenditures	700	15,000	1,000	6,061	22,761
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-

PROPRIETARY FUNDS

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Combining Statement of Net Assets
Enterprise Funds
June 30, 2012

	<u>Food Service Program</u>	<u>Community School Program</u>	<u>Before Care/ After Care Program</u>	<u>Summer Camp Program</u>	<u>Summer Session Program</u>	<u>Totals</u>
ASSETS						
Current assets:						
Cash and cash equivalents	98,086	1,242	8,615	97,763	24,217	229,923
Accounts receivable:						
State	861					861
Federal	33,005					33,005
Other	58		1,341		600	1,999
Interfunds	1,380		34,066	136		35,582
Prepaid Expense	2,948					2,948
Inventories	17,317			2,505		19,822
Total current assets	<u>153,655</u>	<u>1,242</u>	<u>44,022</u>	<u>100,404</u>	<u>24,817</u>	<u>324,140</u>
Noncurrent assets:						
Capital assets:						
Equipment	330,651					330,651
Less accumulated depreciation	<u>(160,140)</u>					<u>(160,140)</u>
Total capital assets (net of accumulated depreciation)	<u>170,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,511</u>
Total assets	<u>324,166</u>	<u>1,242</u>	<u>44,022</u>	<u>100,404</u>	<u>24,817</u>	<u>494,651</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	83,405	90				83,495
Interfund Payable	48,881	252	1,380	8,505		59,018
Deferred Revenue	3,457		35,731	91,836	24,792	155,816
Total Liabilities	<u>135,743</u>	<u>342</u>	<u>37,111</u>	<u>100,341</u>	<u>24,792</u>	<u>298,329</u>
NET ASSETS						
Invested in capital assets net of related debt	170,511	-	-	-	-	170,511
Unrestricted	17,912	900	6,911	63	25	25,811
Total net assets	<u>188,423</u>	<u>900</u>	<u>6,911</u>	<u>63</u>	<u>25</u>	<u>196,322</u>

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended June 30, 2012

	Food Service Program	Community School Program	Before Care/ After Care Program	Summer Camp Program	Summer Session Program	Totals
Operating revenues:						
Charges for services:						
Daily sales - reimbursable programs	265,381					265,381
Daily sales - non-reimbursable programs	157,578					157,578
Special Events	126,313					126,313
Other Sales	40,075					40,075
Program Fees		9,290	153,421	148,175	27,703	338,589
Total operating revenues	<u>589,347</u>	<u>9,290</u>	<u>153,421</u>	<u>148,175</u>	<u>27,703</u>	<u>927,936</u>
Operating expenses:						
Cost of food	487,374					487,374
Salaries	250,785		95,410	113,808	23,363	483,366
Supplies and materials	49,975		16,392	73,314		139,681
Employee Benefits	81,295					81,295
Depreciation	21,973					21,973
Purchased Professional/Technical Services	16,652	7,390				24,042
Purchased Property Services	98,600					98,600
Total Operating Expenses	<u>1,006,654</u>	<u>7,390</u>	<u>111,802</u>	<u>187,122</u>	<u>23,363</u>	<u>1,336,331</u>
Operating income (loss)	<u>(417,307)</u>	<u>1,900</u>	<u>41,619</u>	<u>(38,947)</u>	<u>4,340</u>	<u>(408,395)</u>
Nonoperating revenues (expenses):						
State sources:						
School lunch program	11,778					11,778
Federal sources:						
School breakfast program	68,063					68,063
School lunch program	383,626					383,626
U.S.D.A. Commodities	44,826					44,826
Interest on investments	209	2		52	85	348
Total nonoperating revenues (expenses)	<u>508,502</u>	<u>2</u>	<u>-</u>	<u>52</u>	<u>85</u>	<u>508,641</u>
Income (loss) before contributions & transfers	91,195	1,902	41,619	(38,895)	4,425	100,246
Operating transfers in/(out):						
General Fund	(253,971)	(1,002)	(21,700)		(4,400)	(281,073)
Before Care/After Care				38,947		38,947
Summer Camp			(38,947)			(38,947)
Total operating transfers in/(out)	<u>(253,971)</u>	<u>(1,002)</u>	<u>(60,647)</u>	<u>38,947</u>	<u>(4,400)</u>	<u>(281,073)</u>
Change in net assets	(162,776)	900	(19,028)	52	25	(180,827)
Total net assets—beginning	351,199		25,939	11		377,149
Total net assets—ending	<u>188,423</u>	<u>900</u>	<u>6,911</u>	<u>63</u>	<u>25</u>	<u>196,322</u>

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2012

	Food Service Program	Community School Program	Before Care/ After Care Program	Summer Camp Program	Summer Session Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	609,506	9,542	131,834	158,630	51,895	961,407
Receipt/(Payment) for interfunds	110,000					110,000
Payments to employees			(95,410)	(113,808)	(23,363)	(232,581)
Payments to vendors	(990,216)	(7,300)	(16,350)	(70,065)		(1,083,931)
Payments to suppliers	(60,277)		(42)	(5,754)		(66,073)
Net cash provided by (used for) operating activities	(330,987)	2,242	20,032	(30,997)	28,532	(311,178)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
State Sources	12,497					12,497
Federal Sources	454,246					454,246
Operating transfers in/(out)	(205,090)	(1,002)	(60,647)	38,947	(4,400)	(205,090)
Net cash provided by (used for) non-capital financing activities	261,653	(1,002)	(60,647)	38,947	(4,400)	261,653
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of Capital Assets	(18,659)					(18,659)
Net cash used for capital and related financing activities	(18,659)	-	-	-	-	(18,659)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	209	2		52	85	348
Net cash provided by investing activities	209	2	-	52	85	348
Net increase (decrease) in cash and cash equivalents	(87,784)	1,242	(40,615)	8,002	24,217	(87,784)
Balances—beginning of year	185,870		49,230	89,761		324,861
Balances—end of year	98,086	1,242	8,615	97,763	24,217	229,923
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	(417,307)	1,900	41,619	(38,947)	4,340	(408,395)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities						
Depreciation and net amortization	21,973					21,973
Food distribution program	44,826					44,826
(Increase) decrease in accounts receivable, net	21,539		(46)		(600)	20,893
(Increase) decrease in interfund receivable, net	108,620		(1,295)			107,325
(Increase) decrease in prepaid expenses	(2,948)			(2,505)		(5,453)
(Increase) decrease in inventories	(7,710)					(7,710)
Increase (decrease) in accounts payable	(152,318)	90	(21,911)			(174,139)
Increase (decrease) in interfunds payable	48,881	252		8,505		57,638
Increase (decrease) in deferred revenue	3,457		1,665	1,950	24,792	31,864
Total adjustments	86,320	342	(21,587)	7,950	24,192	97,217
Net cash provided by (used for) operating activities	(330,987)	2,242	20,032	(30,997)	28,532	(311,178)

FIDUCIARY FUND

Exhibit H-1

ELMWOOD PARK BOARD OF EDUCATION
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	457,347
Interfund - General Fund	<u>124,859</u>
Total assets	<u><u>582,206</u></u>
LIABILITIES	
Payable to student groups	75,918
Payroll deductions and withholding	492,786
Interfund - General Fund	<u>13,502</u>
Total liabilities	<u><u>582,206</u></u>

ELMWOOD PARK BOARD OF EDUCATION
Student Activity Agency Fund
Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2012

	Balance July 1, 2011	Cash Receipts	Cash Disbursed	Balance June 30, 2012
Elementary Schools:				
Gantner Avenue	9,261	6,038	7,761	7,538
Gilbert Avenue	619	6,905	7,154	370
Sixteenth Avenue	4	7,220	7,215	9
	<u>9,884</u>	<u>20,163</u>	<u>22,130</u>	<u>7,917</u>
Junior High School:				
Memorial Middle School	19,602	68,068	62,826	24,844
Senior High School:				
Memorial High School	33,980	148,894	142,560	40,314
Athletic Activities	2,639	59,946	59,742	2,843
	<u>36,619</u>	<u>208,840</u>	<u>202,302</u>	<u>43,157</u>
	<u>66,105</u>	<u>297,071</u>	<u>287,258</u>	<u>75,918</u>

ELMWOOD PARK BOARD OF EDUCATION
Payroll Agency Fund
Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursed</u>	<u>Balance</u> <u>June 30, 2012</u>
Net Payroll				
Interfund Receivable	(422,661)	60,270	358,072	(124,859)
Payroll Deductions and Withholdings	583,979	8,000,925	8,092,118	492,786
Interfund Payable	<u>123,961</u>	<u>63,856</u>	<u>174,315</u>	<u>13,502</u>
	<u>285,279</u>	<u>8,125,051</u>	<u>8,624,505</u>	<u>(214,175)</u>

LONG-TERM DEBT

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
 General Long Term Debt Account Group
 Statement of Serial Bonds
 June 30, 2012

ISSUE	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance July 1, 2011	Retired	Balance June 30, 2012
School Improvement Bonds	10/15/2004	31,482,000	8/1/2012	1,000,000	4.125%	27,482,000	950,000	26,532,000
			8/1/2013	1,050,000	4.125%			
			8/1/2014	1,100,000	4.125%			
			8/1/2015	1,150,000	4.125%			
			8/1/2016	1,200,000	4.125%			
			8/1/2017	1,250,000	4.125%			
			8/1/2018	1,300,000	4.125%			
			8/1/2019	1,350,000	4.125%			
			8/1/2020	1,450,000	4.125%			
			8/1/2021	1,500,000	4.125%			
			8/1/2022	1,550,000	4.250%			
			8/1/2023	1,600,000	4.250%			
			8/1/2024	1,650,000	4.375%			
			8/1/2025	1,700,000	4.400%			
			8/1/2026	1,750,000	4.500%			
			8/1/2027	1,850,000	4.500%			
			8/1/2028	1,950,000	4.500%			
			8/1/2029	2,132,000	4.500%			
						27,482,000	950,000	26,532,000

Exhibit I-2

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
 General Long Term Debt Account Group
 Statement of Obligations under Capital Leases
 June 30, 2012

SERIES	Interest Rate Payable	Amount of Original Issues	Amount Outstanding on July 1, 2011	Issued in		Retired in		Amount Outstanding on June 30, 2012
				Current Year	Current Year	Current Year	Current Year	
Computer Equipment and Vehicle	4.80%	208,452	12,334		12,334			-
Computer Equipment and Vehicle	4.54%	163,404	65,946		56,310			9,636
Computer Equipment	2.75%	540,558		540,558	108,112			432,446
TOTAL			<u>78,280</u>	<u>540,558</u>	<u>176,756</u>			<u>442,082</u>

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative), Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	2,105,580		2,105,580	2,105,580	-
Miscellaneous Revenue			-		-
Total Local Sources	2,105,580	-	2,105,580	2,105,580	-
Total Revenues	2,105,580	-	2,105,580	2,105,580	-
EXPENDITURES:					
Regular Debt Service:					
Interest	1,155,583		1,155,583	1,155,584	(1)
Redemption of Principal	950,000		950,000	950,000	-
Total Regular Debt Service	2,105,583	-	2,105,583	2,105,584	(1)
Total expenditures	2,105,583	-	2,105,583	2,105,584	(1)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3)	-	(3)	(4)	(1)
Other Financing Sources:					
Operating Transfers In:	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(3)	-	(3)	(4)	(1)
Fund Balance, July 1	450		450	450	-
Fund Balance, June 30	447		447	446	(1)

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district'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 district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district 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 (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.	

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

- J-1 Net Assets by Component
- J-2 Changes in Net Assets
- J-3 Fund Balances - Governmental Funds
- J-4 Changes in Fund Balances - Governmental Funds
- J-5 General Fund Other Local Revenue by Source

Revenue Capacity

- J-6 Assessed Value and Estimated Actual Value of Taxable Property
- J-7 Direct and Overlapping Property Tax Rates
- J-8 Principal Property Taxpayers
- J-9 Property Tax Levies and Collections

Debt Capacity

- J-10 Ratios of Outstanding Debt by Type
- J-11 Ratios of General Bonded Debt Outstanding
- J-12 Direct and Overlapping Governmental Activities Debt
- J-13 Legal Debt Margin Information

Demographic and Economic Information

- J-14 Demographic and Economic Statistics
- J-15 Principal Employers

Operating Information

- J-16 Full-time Equivalent District Employees by Function/Program
- J-17 Operating Statistics
- J-18 School Building Information*
- J-19 Schedule of Allowable Maintenance Expenditures by School Facility
- J-20 Insurance Schedule

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	240,512	1,756,864	306,741	282,287	15,045,243	16,111,480	15,744,171	15,496,530	15,110,080	14,932,359
Restricted	46,313	(414,990)	13,691,399	23,881,069	28,923	1	1,213	1,215	451	447
Unrestricted	(294,927)	191,780	3,811	(9,460,120)	(359,438)	(1,273,477)	(1,271,166)	(1,556,582)	(1,670,542)	(3,716,183)
Total Governmental Activities Net Assets	(8,112)	1,533,654	14,001,951	14,703,236	14,714,728	14,838,014	14,474,216	13,941,154	13,439,988	11,214,613
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	23,376	32,566	26,593	21,720	16,511	235,693	213,981	193,635	173,825	170,511
Restricted	89,796	125,916	163,971	217,385	285,944	81,639	113,778	133,908	203,323	25,811
Unrestricted	113,172	158,482	190,584	239,105	282,455	287,332	327,759	327,542	377,148	196,322
Total Business-type Activities Net Assets	206,344	317,964	381,148	478,210	584,910	604,664	655,518	654,185	754,296	392,644
District-wide										
Invested in Capital Assets, Net of Related Debt	263,888	1,789,430	333,334	304,007	15,081,753	16,347,183	15,958,152	15,690,165	15,283,905	15,102,970
Restricted	46,313	(414,990)	13,691,399	23,881,069	28,923	1	1,213	1,215	451	447
Unrestricted	(205,141)	317,696	167,782	(9,242,735)	(93,493)	(1,211,839)	(1,157,369)	(1,422,684)	(1,467,219)	(3,692,382)
Total District Net Assets	105,060	1,692,136	14,182,515	14,942,341	14,997,183	15,135,346	14,801,975	14,298,696	13,817,137	11,410,935

Sources: CAFR Schedule A-1

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	Fiscal Year Ending June 30,		2009	2010	2011	2012
						2008					
Expenses											
Governmental Activities:											
Instruction:											
Regular	7,819,903	7,995,935	8,494,227	8,475,723	8,791,600	9,676,914	9,906,168	10,605,630	10,180,397	9,953,651	
Special Education	1,311,032	1,408,095	1,491,869	1,453,409	1,481,307	1,669,072	1,967,996	2,446,906	2,579,766	2,608,782	
Other Special Instruction	265,235	254,471	156,040	157,068	197,320	185,120	191,243	232,329	282,831	482,506	
Other Instruction	478,069	500,538	496,405	500,180	501,845	532,363	540,908	631,532	665,764	666,997	
Community Services Programs:							1,165	308			
Support Services:											
Tuition	2,984,513	3,064,172	3,604,468	3,994,685	4,514,316	4,158,699	4,272,582	4,261,058	4,470,522	5,221,404	
Student & Instruction Related Services	3,175,872	3,093,302	3,422,487	3,624,642	3,814,286	3,965,471	4,238,705	4,515,442	4,536,180	4,546,825	
School Administrative Services	1,388,427	1,302,801	1,410,231	1,465,491	1,472,905	1,547,126	1,681,513	1,762,373	2,163,535	1,699,593	
General Administrative Services	823,811	901,787	882,755	796,682	830,081	862,801	929,528	944,202	944,202	920,605	
Central Services & Admin. Info. Technology			652,743	689,203	774,438	1,041,321	973,597	782,060	880,579	711,822	
Plant Operations and Maintenance	1,858,507	2,017,827	2,276,861	2,737,707	2,933,948	3,142,158	3,182,293	3,333,374	3,152,087	3,587,272	
Pupil Transportation	1,366,573	1,537,545	1,481,993	1,929,762	2,173,118	2,186,617	2,556,248	2,385,961	1,945,611	1,983,866	
Business and Other Support Services	680,693	715,376	1,583,650								
Unallocated Benefits	1,368,743	12,019	1,780,684	1,793,806	2,574,892	2,633,142	1,495,579	1,672,360	1,526,137	2,676,385	
Special Schools											
Charter Schools				16,056	2,852	6,267	22,842	13,057	94,588	149,739	
Interest on Long-term Debt		16,620	935,249	1,336,693	1,310,636	1,280,803	1,248,970	1,215,136	1,178,271	1,139,256	
Capital Outlay - Non-depreciable	100,688	101,229	110,444	120,096	227,712	174,850	368,627	138,430	789,390		
Unallocated Depreciation	40,830	44,713	54,103	41,180	49,567	80,973	1,188,500	1,172,745	1,181,371	1,179,794	
Total Governmental Activities Expenses	23,654,096	24,557,163	27,254,503	29,134,813	31,423,111	33,196,578	34,562,310	36,328,413	35,940,271	38,319,667	
Business-type Activities:											
Food Service	522,351	522,387	574,131	571,672	595,076	739,078	946,234	1,082,787	1,122,264	1,006,694	
Before/After Care Program									40,775	329,677	
Total Business-type Activities Expenses	522,351	522,387	574,131	571,672	595,076	739,078	946,234	1,082,787	1,163,039	1,336,331	
Total District Expenses	24,176,447	25,079,550	27,828,634	29,706,485	32,018,187	33,935,656	35,508,545	37,411,200	37,103,310	39,656,198	
Program Revenues											
Governmental Activities:											
Operating Grants and Contributions	1,157,142	1,186,066	1,213,856	1,428,213	1,340,785	1,296,038	1,332,917	1,791,333	1,412,092	1,485,886	
Total Governmental Activities Program Revenues	1,157,142	1,186,066	1,213,856	1,428,213	1,340,785	1,296,038	1,332,917	1,791,333	1,412,092	1,485,886	
Business-type Activities:											
Charges for Services:											
Food Service	393,349	391,261	420,771	404,925	377,816	436,801	615,782	623,669	675,100	609,506	
Other Programs	149,851	164,874	185,442	215,288	260,610	317,153	360,880	458,894	66,714	318,430	
Operating Grants and Contributions	543,200	556,135	608,219	620,213	638,426	753,954	976,681	1,082,564	1,212,444	508,293	
Total Business-type Activities Program Revenues	1,700,342	1,742,201	1,820,069	2,048,426	1,979,210	2,049,992	2,309,578	2,873,896	2,624,536	1,436,228	
Total District Program Revenues											
Net (Expense)/Revenue											
Governmental Activities	(22,496,954)	(23,371,097)	(25,040,647)	(27,706,600)	(30,082,326)	(31,900,540)	(33,229,393)	(34,537,080)	(34,537,080)	(34,528,179)	(36,833,971)
Business-type Activities	20,849	33,748	32,082	48,541	43,350	14,877	30,427	(223)	49,405	89,898	
Total District-wide Net Expense	(22,476,105)	(23,337,349)	(25,008,565)	(27,658,060)	(30,038,976)	(31,885,663)	(33,198,966)	(34,537,304)	(34,478,774)	(34,438,281)	(36,744,073)

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	Fiscal Year Ending June 30, 2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes Levied for General Purposes	19,288,748	20,748,682	21,227,696	21,660,863	23,573,986	24,403,769	25,780,937	26,423,176	27,480,103	27,480,103
Taxes Levied for Debt Service				1,716,487	1,462,374	2,043,302	2,062,302	2,079,305	2,093,740	2,105,580
State Facilities Grant			12,768,613							
Unrestricted Federal and State Aid	2,927,969	4,054,072	3,822,966	4,087,714	4,709,567	5,211,022	4,887,384	5,332,263	4,254,542	4,640,263
Federal and State Aid - Capital Outlay	27,081									
Tuition Received								78,240	34,269	66,508
Cancellation Accounts Receivable/Payable									(764)	
Investment Earnings	22,320	36,670	651,429	936,194	290,268	254,989	64,859	2,889	4,676	3,219
Miscellaneous Income	93,627	73,439	38,240	6,628	57,623	110,745	70,074	88,135	160,449	31,850
Transfers										281,073
Total Governmental Activities	22,359,745	24,912,863	38,508,944	28,407,686	30,083,818	32,023,827	32,865,596	34,004,018	34,027,014	34,808,596
Business-type Activities:										
Investment Earnings									201	348
Transfers										(281,073)
Total Business-type Activities	-	-	-	-	-	-	-	6	201	(281,073)
Total District-wide	22,359,745	24,912,863	38,508,944	28,407,686	30,083,818	32,023,827	32,865,596	34,004,024	34,027,215	34,327,871
Change in Net Assets	(137,209)	1,541,766	12,468,297	701,286	11,492	123,286	(363,798)	(533,063)	(501,165)	(2,225,375)
Governmental Activities	20,849	33,748	32,082	48,541	43,350	14,877	30,427	(217)	49,606	(180,827)
Business-type Activities	(116,360)	1,575,514	12,500,379	749,826	54,842	138,163	(333,371)	(533,279)	(451,559)	(2,406,202)
Total District	(116,360)	1,575,514	12,500,379	749,826	54,842	138,163	(333,371)	(533,279)	(451,559)	(2,406,202)

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Fund Balances Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2003	2004	2005	2006	Fiscal Year Ending June 30, 2007	2008	2009	2010	2011	2012
General Fund										
Reserved	46,313	1,045,201	349,575	714,443	1	1	1	1		
Unreserved	579,377	1,031,746	1,737,189	1,541,016	884,626	80,084	98,389	(184,980)		
Restricted									1	1
Unassigned									(704,548)	(2,295,555)
Total General fund	625,690	2,076,947	2,086,764	2,355,459	884,627	80,085	99,400	(184,979)	(704,547)	(2,295,554)
All Other Governmental Funds										
Unreserved, Reported in:										
Special Revenue Fund	(9,606)	(4,987)	(4,987)	(4,987)	(4,987)	(3,274)				
Capital Projects Fund		(1,473,475)	41,610,449	22,606,696	28,921		1,212	1,212		
Debt Service		13,283	573,212	559,929	1	0		3		
Restricted for:										
Debt Service									450	446
Total Business-type Activities Net Assets	(9,606)	(1,465,179)	42,178,674	23,161,839	23,935	(3,274)	1,212	1,214	450	446

Source: CAFR Schedule B-1

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Changes in Fund Balances Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax Levy	19,289,749	20,748,682	21,227,696	23,377,350	25,036,360	26,447,071	27,843,239	28,502,481	29,573,843	29,555,683
Tuition										50,931
E-Rate								78,240	34,269	15,677
Interest Earnings	22,320	36,670	651,429	936,194	290,268	254,989	64,889	2,899	4,676	3,219
Miscellaneous	94,127	74,973	36,740	69,764	58,065	120,305	73,939	92,691	162,267	55,111
State Sources	3,360,614	4,443,247	16,984,272	4,458,450	5,126,723	5,440,939	4,401,048	4,892,190	4,401,048	4,892,190
Federal Sources	751,078	795,357	820,663	984,340	923,196	869,087	963,224	1,678,101	1,263,766	1,210,703
Total Revenues	23,516,887	25,098,929	39,722,800	29,836,099	31,434,603	33,319,864	34,198,512	35,795,351	36,439,870	35,813,419
Expenditures										
Instruction:										
Regular	6,635,837	6,725,705	7,147,357	7,109,419	7,376,607	8,129,925	8,420,729	8,883,555	8,337,606	8,213,620
Special	1,071,462	1,122,015	1,185,082	1,156,008	1,175,954	1,339,163	1,589,747	1,936,935	2,005,274	2,261,707
Other Special Instruction	208,945	202,861	124,490	125,460	156,706	148,238	154,102	183,655	219,475	374,930
School-Sponsored/Other Instructional	412,626	424,392	417,050	417,105	415,416	445,087	453,796	525,437	584,179	547,561
Community Services Programs		5,636	4,706	1,959			1,166	308		
Support Services:										
Instruction - Tuition	2,984,513	3,064,172	3,604,685	3,994,885	4,514,316	4,158,899	4,272,562	4,261,058	4,470,522	5,221,404
Student & Instruction Related Services	2,806,593	2,678,845	2,961,614	3,204,880	3,339,794	3,450,879	3,672,990	3,856,949	3,780,524	3,836,671
School Administration	1,166,086	1,119,839	1,206,181	1,244,895	1,194,070	1,256,752	1,359,026	1,386,686	1,678,728	1,339,609
General Administration	762,467	830,611	814,991	716,132	747,967	762,510	836,309	837,862	852,507	844,668
Central Services & Admin. Info. Technology			556,395	560,910	661,644	933,911	873,865	863,967	720,638	594,170
Operations and Maintenance	1,672,560	1,783,909	2,000,868	2,441,060	2,511,127	2,792,828	2,824,951	2,938,699	2,737,365	3,186,256
Student Transportation	1,351,698	1,521,772	1,481,993	1,605,560	1,821,578	1,805,549	2,172,430	1,950,843	1,484,400	1,565,964
Business and Other Support Services	567,439	595,157	4,774,266	5,216,827	6,062,175	6,503,776	5,413,181	6,285,671	6,761,472	6,864,988
Employee Benefits	3,954,424	4,467,860	4,774,266	5,216,827	6,062,175	6,503,776	5,413,181	6,285,671	6,761,472	6,864,988
Special Schools		10,406								
Transfer to Charter Schools			16,056	16,056	2,862	6,267	22,842	13,057	94,588	149,739
Capital Outlay	127,769	1,662,294	1,352,122	19,140,575	23,950,607	624,932	253,127	449,155	138,430	789,390
Debt Service:										
Principal										
Interest and Other Charges										
Total Governmental Fund Expenditures	23,722,421	26,204,474	27,661,573	48,701,300	56,043,139	34,401,614	34,383,164	36,243,131	35,959,438	38,226,061
Excess (Deficiency) of Revenues Over (Under) Expenditures	(205,534)	(105,545)	12,061,227	(18,865,201)	(24,608,536)	(1,081,750)	(184,652)	(447,780)	(519,568)	(2,412,642)
Other Financing Sources (Uses)										
Operating Transfers In										
Operating Transfers Out		13,283	559,929	817,115	1,402,669	389,127	20,766	10	448	281,073
Proceeds from the Sale of Bonds		(19,283)	(559,929)	(817,115)	(1,402,669)	(389,127)	(20,766)	(10)	(448)	
Cancellation of Accounts Receivable			31,482,000							
Cancellation of Accounts Payable										
Prior Year State Audit Recovery										
Capital Leases (non-budged)										
Total Other Financing Sources (Uses)	100,688	101,229	31,592,444	116,862	(24,608,536)	250,000	206,452	163,404	(764)	540,568
Net Changes in Fund Balance	(104,846)	(4,316)	43,653,671	(18,748,339)	(24,608,536)	(831,750)	23,800	(284,377)	(520,332)	(1,591,011)
Debt Service as a percentage of noncapital expenditures				5.85%	6.30%	6.05%	6.04%	5.81%	5.85%	6.62%

Source: CAFR, Schedule B-2.

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT

**General Fund Other Local Revenue by Source
Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>E-Rate</u>	<u>Other Misc.</u>	<u>Rebates/ Refunds</u>	<u>Total</u>
2003		22,320		86,254	7,373	115,947
2004		23,387		65,114	8,325	96,826
2005		91,500		37,793	447	129,740
2006		119,079		6,628		125,708
2007		193,292		19,753	37,870	250,916
2008		85,549		18,258	59,557	163,364
2009		10,023		2,746	56,094	68,862
2010		2,888	78,240	68,845	19,291	169,264
2011		4,676	34,269	160,449		199,394
2012	50,831	3,219	15,677	31,850		101,577

Source: District Records.

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Year Ended Dec. 31,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Assessed Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate b
2002	16,683,800	837,916,200	75,600	163,677,700	71,893,300	41,797,000	1,132,043,600	2,763,286	1,134,806,886	1,191,547,472	1.6400
2003	15,080,200	840,949,900	975,600	164,985,000	69,829,800	42,289,900	1,134,160,400	1,641,582	1,135,821,962	1,519,590,377	1.7600
2004	14,991,000	844,749,400	975,600	172,149,200	67,890,200	42,299,900	1,142,995,300	1,391,469	1,144,386,769	1,720,508,039	1.8300
2005*	29,615,900	1,524,319,000	2,066,400	284,413,900	124,847,100	67,596,700	2,042,858,000	2,082,201	2,044,940,201	1,948,721,561	1.1000
2006	27,798,800	1,526,131,100		284,076,100	124,489,800	67,128,700	2,039,625,500	1,954,197	2,041,579,697	2,282,869,417	1.1760
2007	23,822,600	1,584,921,200		287,067,700	123,075,400	68,441,500	2,047,328,400	1,954,197	2,049,282,597	2,469,216,942	1.2560
2008	26,194,300	1,553,311,900		290,844,300	116,621,500	63,267,700	2,050,239,700	1,674,243	2,051,913,943	2,587,919,237	1.3520
2009	20,420,400	1,574,061,200		288,186,500	119,348,700	63,267,700	2,065,284,500	1,674,243	2,066,958,743	2,607,177,526	1.3940
2010	19,156,000	1,580,258,800		287,015,300	119,348,700	63,267,700	2,069,044,500	2,042,994	2,071,087,494	2,513,682,993	1.4020
2011	18,924,000	1,585,522,000		278,337,200	112,836,500	63,267,700	2,056,889,400	1,734,845	2,058,624,245	2,286,080,222	1.4370

Source: Bergen County, Abstract of Rates and Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.

Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

a. Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b. Tax rates are per \$100 of assessed value.

* Revaluation Year

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
Per \$100 of Assessed Valuation

Assessment Year	Basic Rate ^a	General Obligation Debt Service ^b	Local School District	Overlapping Rates		Total Direct and overlapping Tax Rate
				Municipality ^c	County	
2002	1.6400		1.6400	0.8400	0.2800	2.7600
2003	1.7600		1.7600	0.8500	0.2900	2.9000
2004	1.8300		1.8300	0.9500	0.3100	3.0900
2005*	1.0487	0.0513	1.1000	0.5790	0.1910	1.8700
2006	1.1074	0.0686	1.1760	0.6260	0.2080	2.0100
2007	1.1589	0.0971	1.2560	0.6780	0.2160	2.1500
2008	1.2518	0.1002	1.3520	0.7180	0.2320	2.3020
2009	1.2368	0.0972	1.3340	0.7580	0.2430	2.3350
2010	1.3012	0.1008	1.4020	0.7990	0.2390	2.4400
2011	1.3340	0.1030	1.4370	0.8190	0.2360	2.4920

Source: District Records and Municipal Tax Collector.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

b Rates for debt service are based on each year's requirements.

c Includes Special District tax rate and Municipal Open Space tax rate .

* Revaluation Year

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT

Schedule of Principal Taxpayers

Current and Nine Years Ago

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation	Taxable Assessed Value	Rank Optional	% of District's Net Assessed Valuation
Elmwood V. Assoc., Lp	32,706,300	1	1.59%	23,000,000	1	2.03%
RD Elmwood Associates, LP	23,373,500	2	1.14%	13,358,400	2	1.18%
LKD-1, LLC	22,500,600	3	1.09%	8,143,300	5	0.72%
Marcus Paper Mill Inc.	20,900,000	4	1.02%			
Elmwood Terrace Inc.	13,600,000	5	0.66%	10,222,000	3	0.90%
Sanzari Ent	13,418,900	6	0.65%			
Bankers Financial Corp.	12,268,600	7	0.60%	6,329,700	4	0.56%
35 Market Street, LP	11,700,000	8	0.57%	4,669,600	8	0.41%
SG National	9,676,500	9	0.47%			
GRE River Dr LLC	9,574,000	10	0.47%			
Hartz Mtn. Ind Inc.				6,559,000	7	0.58%
Elmwood Terrace Inc.				10,222,000	3	0.90%
River Dr Center Assoc.				7,652,000	6	0.67%
Marcus Manufacturing Co				5,630,300	9	0.50%
River Dr. Dev. Assoc.				4,931,200	10	0.43%
	<u>91,138,000</u>		<u>4.43%</u>	<u>56,215,800</u>		<u>4.95%</u>

Source: Municipal Tax Assessor's Office.

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT

**School Tax Levies and Collections
Last Ten Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 19,288,748	\$ 19,288,748	100.00%	
2004	\$ 20,748,682	\$ 20,748,682	100.00%	
2005	\$ 21,227,696	\$ 21,227,696	100.00%	
2006	\$ 23,377,350	\$ 23,377,350	100.00%	
2007	\$ 25,036,360	\$ 25,036,360	100.00%	
2008	\$ 26,447,071	\$ 26,447,071	100.00%	
2009	\$ 27,843,239	\$ 27,843,239	100.00%	
2010	\$ 28,502,481	\$ 28,502,481	100.00%	
2011	\$ 29,573,843	\$ 29,573,843	100.00%	
2012	\$ 29,585,683	\$ 29,585,683	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

- a School Taxes are collected by the Municipal Tax Collector. Under New Jersey Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Loans Payable	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2003			270,125			270,125	0.03%	14
2004			244,234			244,234	0.03%	13
2005	31,482,000		189,731			31,671,731	3.09%	1,690
2006	31,482,000		157,215			31,639,215	2.99%	1,702
2007	30,782,000		69,915			30,851,915	2.66%	1,676
2008	30,032,000		210,421			30,242,421	2.43%	1,629
2009	29,232,000		260,779			29,492,779	2.32%	1,589
2010	28,382,000		226,130			28,608,130	2.38%	1,534
2011	27,482,000		78,280			27,560,280	not available	1,478
2012	26,532,000		442,082			26,974,082	not available	1,447

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

^a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	31,482,000	-	31,482,000	2.75%	1,680
2006	31,482,000	-	31,482,000	1.54%	1,693
2007	30,782,000	-	30,782,000	1.51%	1,672
2008	30,032,000	-	30,032,000	1.47%	1,617
2009	29,232,000	-	29,232,000	1.42%	1,575
2010	28,382,000	-	28,382,000	1.37%	1,522
2011	27,482,000	-	27,482,000	1.33%	1,474
2012	26,532,000	-	26,532,000	1.29%	1,423

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt

As of June 30, 2012

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Elmwood Park	\$ 17,351,276	100.000%	\$ 17,351,276
Other debt			
Bergen County General Obligation Debt	698,412,830	1.2903%	9,011,621
Subtotal, overlapping debt			26,362,897
Elmwood Park School District Direct Debt			<u>26,532,000</u>
Total direct and overlapping debt			<u><u>\$ 52,894,897</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Bergen County Board of Taxation.
 Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Elmwood Park. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

(1) Debt information as of December 31, 2010.

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Legal Debt Margin Information,
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2011	\$ 2,285,898,532
2010	2,365,703,750
2009	2,484,403,344
[A]	\$ 7,136,005,626
[A/B]	\$ 2,378,668,542

Average equalized valuation of taxable property	[A/B]	\$ 2,378,668,542
Debt limit (4 % of average equalization value)	[B]	95,146,742 ^a
Total Net Debt Applicable to Limit	[C]	23,532,000
Legal debt margin	[B-C]	\$ 71,614,742

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 53,663,336	\$ 59,978,179	\$ 68,079,338	\$ 78,293,837	\$ 88,267,542	\$ 96,763,421	\$ 100,769,518	\$ 101,430,998	\$ 98,851,575	\$ 95,146,742
Total net debt applicable to limit			31,482,161	31,482,161	30,782,161	30,032,000	29,232,000	28,382,000	27,482,000	23,532,000
Legal debt margin	\$ 53,663,336	\$ 59,978,179	\$ 36,597,177	\$ 46,811,676	\$ 57,485,381	\$ 66,731,421	\$ 71,537,518	\$ 73,048,998	\$ 71,369,575	\$ 71,614,742
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	46.24%	40.21%	34.87%	31.04%	29.01%	27.98%	27.80%	24.73%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

^a Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT

**Demographic and Economic Statistics
Last Ten Years**

<u>Year Ended December 31,</u>	<u>School District Population (1)</u>	<u>Personal Income in Thousands \$ (2)</u>	<u>Per Capita Income (3)</u>	<u>Unemployment Rate (4)</u>
2002	18,828	977,756,868	51,931	5.70%
2003	18,779	963,193,689	51,291	5.60%
2004	18,742	1,024,606,398	54,669	4.70%
2005	18,592	1,059,056,096	56,963	4.60%
2006	18,409	1,160,153,589	63,021	4.90%
2007	18,569	1,246,221,297	67,113	4.40%
2008	18,556	1,271,846,796	68,541	5.70%
2009	18,645	1,200,514,260	64,388	10.10%
2010	18,645	1,220,986,470	65,486	8.10%
2011	18,645	Not Available	Not Available	10.20%

- Source:
- (1) U.S. Bureau of the Census, Population Division,
(Estimates July 1, 2001-2009, Actual April 1, 2000)
 - (2) County Personal income. Income of the District is not available.
 - (3) U.S. Department of Commerce, County Information 2001-2009.
 - (4) N.J. Department of Labor.

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT

Schedule of Principal Employers

Current and Nine Years Ago

2010

2001

INFORMATION IS NOT AVAILABLE

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years

<u>Function/Program</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>
Instruction	130.0	134.0	135.0	135.0	187.0	135.0	151.0	164.0	177.0	123.0
Regular	37.0	34.0	45.0	46.0	47.0	29.0	38.0	40.0	40.0	44.0
Special education	2.0	4.0	2.0							6.0
Other instruction										
Support Services:										
Tuition										
Student & instruction related services	4.0	5.0	5.0	1.0	1.0	48.0	46.0	55.0	55.0	59.5
General administrative services	10.0	10.0	9.0	11.0	11.0	26.0	26.0	26.0	27.0	7.0
School administrative services	7.0	7.0	7.0	8.5	8.5	8.5	8.5	8.5	9.5	20.5
Business administrative services	20.0	20.0	22.0	21.5	24.5	26.5	26.5	24.5	27.0	9.5
Plant operations and maintenance	10.0	6.0	5.0	3.0	3.0	3.0	3.0	3.0	1.0	1.0
Pupil transportation										
Total	220.0	220.0	230.0	226.0	282.0	283.0	306.0	328.0	343.5	307.5

Source: NJDOE Annual School District Budget Statement Supporting Document (Budgeted Full-Time Equivalents)

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
 Operating Statistics,
 Last Ten Fiscal Years

Fiscal Year	Teacher/Pupil Ratio											
	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Junior High School	High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2003	2,008	23,594,652	\$ 11,750	11.51%	220	1:22	1:20	1:15	2,008.0	1,897.0	-1.67%	94.47%
2004	2,087	24,542,180	\$ 11,760	0.08%	220	1:19	1:16	1:12	2,087.0	1,976.0	3.93%	94.68%
2005	2,110	26,309,451	\$ 12,469	6.03%	232	1:19	1:18	1:14	2,110.0	1,994.0	1.10%	94.50%
2006	2,120	27,630,956	\$ 13,128	5.28%	236	1:19	1:18	1:14	2,226.0	2,109.0	5.50%	94.74%
2007	2,132	30,070,230	\$ 14,104	7.44%	282	1:19	1:18	1:14	2,132.0	2,025.0	-4.22%	94.98%
2008	2,212	31,733,380	\$ 14,346	1.71%	283	1:21	1:18	1:14	2,212.0	2,102.0	3.75%	95.03%
2009	2,308	32,067,735	\$ 13,894	-3.15%	306	1:16	1:18	1:14	2,298.0	2,181.0	3.69%	94.91%
2010	2,326	33,714,674	\$ 14,495	4.32%	328	1:16	1:18	1:16	2,311.0	2,201.0	0.57%	95.24%
2011	2,473	33,727,268	\$ 13,638	-1.84%	307	1:16	1:18	1:16	2,402.0	2,281.0	4.53%	94.96%
2012	2,502	35,331,087	\$ 14,121	-2.56%	307	1:16	1:18	1:16	2,481.5	2,367.6	7.38%	95.41%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
 School Building Information
 Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>District Building</u>										
<u>Ganter Elementary School</u>										
Square Feet	38,453	38,453	38,453	38,453	38,453	38,453	38,453	38,453	38,453	38,453
Capacity (students)										
Enrollment	258	259	245	313	313	313	313	313	313	313
<u>Gilbert Elementary School</u>										
Square Feet	54,767	54,767	54,767	54,767	54,767	54,767	54,767	54,767	54,767	54,767
Capacity (students)										
Enrollment	304	310	350	338	338	338	338	338	338	338
<u>16th Avenue School</u>										
Square Feet	53,525	53,525	53,525	53,525	63,525	63,525	63,525	63,525	63,525	63,525
Capacity (students)										
Enrollment	224	250	270	302	302	302	302	302	302	302
<u>High School/Middle School</u>										
Square Feet	210,822	210,822	210,822	210,822	210,822	210,822	210,822	210,822	210,822	210,822
Capacity (students) unadjusted										
Enrollment	1250	1222	1268	1245	1194	1194	1194	1194	1194	1194

Number of Schools at June 30, 2011
 Elementary = 3
 High/Middle School = 1

Source: District records, ASSA, LRFPP

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
 General Fund
Schedule of Required Maintenance for School Facilities
 For the Fiscal Year Ended June 30,

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

* School Facilities	Project # (s)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Memorial Middle/High School	N/A	254,008	390,385	402,690	331,086	302,715	387,963	442,163	358,299	210,345	223,275
Gantner Avenue Elem. School	N/A	133,309	110,108	152,108	69,503	47,230	71,852	78,029	63,230	71,707	69,131
Gilbert Avenue Elem. School	N/A	113,709	107,292	163,660	92,768	52,098	121,848	99,703	80,793	72,246	81,025
Sixteenth Avenue Elem. School	N/A	121,008	126,686	157,723	52,121	70,948	120,921	102,593	83,135	74,208	75,929
Other Facilities	N/A										
Total School Facilities		622,034	734,471	876,181	545,478	472,991	702,585	722,488	585,457	428,506	449,360

* School facilities as defined under EFCA, (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

Exhibit J-20

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT

**Insurance Schedule
June 30, 2012**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (1)		
Building and Contents (All Locations)	71,469,398	5,000
Boiler and Machinery	71,469,398	5,000
EDP Equipment	800,000	1,000
Automobile Coverage	1,000,000	1,000
General Liability	16,000,000	
School Board Legal Liability	5,000,000	5,000
Umbrella Liability	10,000,000	0
Workers Compensation & Employer's Liability	500,000	0
Student Accident Insurance (2)	5,000,000	0
Environmental Liability (3)	3,000,000	15,000
Surety Bonds (4)		
Board Secretary / Business Asministrator	350,000	N/A

(1) New Jersey School Boards Association Insurance Group

(2) Peoples Benefit Life Insurance

(3) American Safety Casualty Insurance Company

(4) Western Surety Company

Source: District records.

SINGLE AUDIT SECTION

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

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K-1
Page 1 of 2

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 Education
Borough of Elmwood Park School District
County of Bergen, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Borough of Elmwood Park School District in the County of Bergen as of and for the fiscal year ended June 30, 2012 which collectively comprise the basic financial statements of the Board of Education of the Borough of Elmwood Park School District in the County of Bergen, and have issued our report thereon dated November 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Board of Education of the Borough of Elmwood Park School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough of Elmwood Park School District 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 Borough of Elmwood Park School District Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Elmwood Park School District Board of Education's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses or Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.



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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses listed as Finding 2012-1.

Compliance and Other Matters

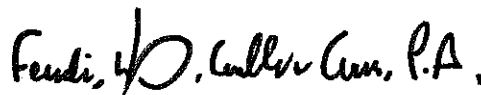
As part of obtaining reasonable assurance about whether the Borough of Elmwood Park School District Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 2012-2.

We noted certain matters that we reported to the Board of Education of the Borough of Elmwood Park School District in a separate report entitled, *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 27, 2012.

This report is intended solely for the information of management, the Borough of Elmwood Park Board of Education, New Jersey State Department of Education and other state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.



Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

November 27, 2012

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K-2
Page 1 of 2

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL AND STATE PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND N.J. OMB CIRCULAR 04-04**

Honorable President and
Members of the Board of Education
Borough of Elmwood Park School District
County of Bergen, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Borough of Elmwood Park School District in the County of Bergen with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. Borough of Elmwood Park School District Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Borough of Elmwood Park School District Board of Education's management. Our responsibility is to express an opinion on the Borough of Elmwood Park School District 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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; and the provisions the New Jersey State Treasury Circular Letter 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards, and OMB Circular A-133 and N.J. OMB Circular 04-04, 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 federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Elmwood Park School District 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 the Borough of Elmwood Park School District Board of Education's compliance with those requirements.



In our opinion, the Borough of Elmwood Park School District Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2012. However, the results of our audit procedures disclosed instances of noncompliance with these requirements which are required to be reported in accordance with OMB A-133, and which are described in the accompanying schedule of findings and questioned costs as items 2012-3, 2012-4 and 2012-5.

Internal Control Over Compliance

The management of the Borough of Elmwood Park School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Borough of Elmwood Park School District Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Elmwood Park School District Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 federal or 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 federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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 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 of the management, the Borough of Elmwood Park Board of Education, the New Jersey State Department of Education, other state and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.



Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

November 27, 2012



BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year Ended June 30, 2012

MEMO	Federal Grant/Pass-Through Grantor Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011	Carryover/Adjustments	Cash Received	Budgetary Expenditures	Prior Year Accounts Payable Cancelled	Accounts Receivable	Balance at June 30, 2012	Deferred Revenue	Due To Grantor at	Cumulative Total Expenditures
	U.S. Department of Education:														
	General Fund:														
	Medical Assistance Program (SEMI)	93.778	N/A	07/01/11-06/30/12	11,261			775	11,261		(10,486)				11,261
	Total General Fund							775	11,261		(10,486)				11,261
	U.S. Department of Education Passed-Through State Department of Education:														
	Special Revenue Fund:														
	Title I - Improving Basic Programs	84.010	NCLB1345-12	09/01/11-08/31/12	483,029	(52,489)	(52,489)	297,545	339,684	32	(94,596)				339,684
	Title I - SIA	84.010	NCLB1345-11	09/01/10-08/31/11	428,085	(13,479)	(13,479)	13,479							402,390
	Title II-A - Teacher & Principal Training/Recruiting	84.367	NCLB1345-12	09/01/11-08/31/12	69,739	(75,831)	(75,831)	83,631	17,150	2,657	(6,693)				13,479
	Title II-A - Teacher & Principal Training/Recruiting	84.318	NCLB1345-11	09/01/10-08/31/11	142,072	(677)	(677)	75,831							17,150
	Title II-D - Enhancing Education Through Technology	84.318	NCLB1345-11	09/01/10-08/31/11	765	(3,699)	(3,699)	688					11		100,334
	Title III - Part A English Language Enhancements	84.365	NCLB1345-12	09/01/11-08/31/12	3,699	(1,912)	(1,912)	3,699	3,170	46	(2,182)				677
	Title III - Part A English Language Enhancements	84.365	NCLB1345-11	09/01/10-08/31/11	21,714	(1,912)	(1,912)	2,834							3,699
	Title IV - Safe and Drug Free Schools	84.186	NCLB1345-10	09/01/09-08/31/10	17,837	921	921	497,406	598,550		(189,115)			921	3,170
	LD.EA - Part B - Basic Regular	84.027	IDEA1345-12	09/01/11-08/31/12	598,550	(87,971)	(87,971)	17,192	22,583		(9,137)				16,895
	LD.EA - Part B - Basic Regular	84.027	IDEA1345-11	09/01/10-08/31/11	576,880	(3,746)	(3,746)	17,192							6,963
	LD.EA - Part B - Preschool	84.173	IDEA1345-12	09/01/11-08/31/12	22,583	412	412	23,286	22,583					412	598,550
	LD.EA - Part B - Preschool	84.173	IDEA1345-11	09/01/10-08/31/11	22,478	412	412	7,503							6,963
	LD.EA - Part B - Preschool	84.173	IDEA1345-10	09/01/09-08/31/10	21,456	9,143	9,143	7,503							576,880
	ARRA - Title I, Part A	84.389	ARRA1345-10	07/01/09-08/31/11	115,629	(127,137)	(127,137)	23,286	201,789	733	(301,723)				22,478
	ARRA - Title I, SIA	84.388	ARRA1345-10	07/01/09-08/31/11	7,503			7,503	22,171						21,044
	ARRA - LD.EA, Part B - Basic	84.391	ARRA1345-10	07/01/09-09/30/11	614,585	(356,465)	(356,465)	351,725	1,205,097	3,488	(301,723)				22,171
	ARRA - Preschool Grants	84.392	ARRA1345-10	07/01/09-09/30/11	22,171	(356,465)	(356,465)	1,321,179	1,205,097	3,488	(301,723)				22,171
	Total Special Revenue Fund							1,321,179	1,205,097	3,488	(301,723)			1,333	2,842,380
	U.S. Department of Agriculture Passed-Through State Department of Education:														
	Enterprise Fund:														
	Food Distribution Program	10.550		07/01/11-06/30/12	44,826	8,837	8,837	44,826	50,206				3,457		50,206
	Food Distribution Program	10.550		07/01/10-06/30/11	35,562	8,837	8,837	63,029	68,063		(5,034)				35,562
	School Breakfast Program	10.553		07/01/11-06/30/12	68,063	(5,248)	(5,248)	5,248							68,063
	School Breakfast Program	10.553		07/01/10-06/30/11	57,393			355,654	383,626		(27,972)				57,393
	National School Lunch Program	10.555		07/01/11-06/30/12	383,626	(30,314)	(30,314)	30,314							383,626
	National School Lunch Program	10.555		07/01/10-06/30/11	365,899	(26,725)	(26,725)	499,071	501,895		(33,006)				365,899
	Total Enterprise Fund							1,821,025	1,718,253	3,488	(345,215)			1,333	960,749
	TOTAL FEDERAL FINANCIAL AWARDS							1,821,025	1,718,253	3,488	(345,215)			1,333	3,814,390

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2012

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance at June 30, 2011		Due To Grantor	Cash Received	Budgetary Expenditures	Prior Year Accounts Payable Cancelled	Adjustment/Repayment of Prior Years Balance	Balance at June 30, 2012			MEMO	
				Preferred Revenue/ (Accts. Receivable)	Deferred Revenue						Accounts Receivable	Deferred Revenue	Due To Grantor at		Budgetary Receivable
State Department of Education:															
General Fund:															
Equalization Aid	12-495-034-5120-078	07/01/11-06/30/12	756,811 \$				728,961	756,811							756,811
Special Education Categorical Aid	11-495-034-5120-089	07/01/11-06/30/12	1,401,347				1,349,780	1,401,347							1,401,347
Security Aid	12-495-034-5120-084	07/01/10-06/30/11	44,758				43,111	44,758							44,758
Extraordinary Aid	12-100-034-5120-473	07/01/11-06/30/12	437,994					437,994							437,994
Extraordinary Aid	11-100-034-5120-473	07/01/10-06/30/11	651,872	(651,872)			651,872								651,872
Reimbursement of Nonpublic Transportation	12-495-034-5120-014	07/01/11-06/30/12	17,762				21,228	17,762							17,762
Reimbursement of Nonpublic Transportation	11-495-034-5120-014	07/01/10-06/30/11	21,228	(21,228)			769,725	769,725							21,228
On-Behalf TPAF - Post Retirement Medical	12-495-034-5120-001	07/01/11-06/30/12	769,725				382,898	769,725							769,725
On-Behalf TPAF - Non-contributory Insurance	12-495-034-5120-007	07/01/10-06/30/11	382,898				834,138	382,898							382,898
Reimbursed TPAF - Social Security	12-495-034-5095-002	07/01/11-06/30/12	877,776				45,100	877,776							877,776
Reimbursed TPAF - Social Security	11-495-034-5095-002	07/01/10-06/30/11	916,489	(45,100)			4,826,813	916,489							916,489
Total General Fund				(718,200)				4,689,071							6,278,660
															81,064
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Auxiliary Services:															
Compensatory Services	12-100-034-5120-067	07/01/11-06/30/12	227,394				227,394	121,643							121,643
Compensatory Services	11-100-034-5120-067	07/01/10-06/30/11	138,987						15,825						138,987
English as a Second Language	12-100-034-5120-067	07/01/11-06/30/12	33,620			15,825	33,620	19,827							33,620
English as a Second Language	11-100-034-5120-067	07/01/10-06/30/11	18,784			4,696			4,696						18,784
Transportation	12-100-034-5120-067	07/01/11-06/30/12	16,137				16,137	16,136							16,136
Home Instruction		07/01/11-06/30/12	891					891							891
Handicapped Services:															
Examination & Classification	12-100-034-5120-066	07/01/11-06/30/12	33,025				33,025	21,097							33,025
Examination & Classification	11-100-034-5120-066	07/01/10-06/30/11	34,928			9,733			9,733						34,928
Corrective Speech	12-100-034-5120-066	07/01/11-06/30/12	490,454				400,454	37,360							490,454
Corrective Speech	11-100-034-5120-066	07/01/10-06/30/11	43,810			3,677			3,677						43,810
Supplementary Instruction	12-100-034-5120-066	07/01/11-06/30/12	27,793			8,129	42,091	17,959							27,793
Supplementary Instruction	11-100-034-5120-066	07/01/10-06/30/11	42,091						8,129						42,091
Textbook Aid	12-100-034-5120-064	07/01/11-06/30/12	11,682			2,476	11,682	11,588							11,682
Textbook Aid	11-100-034-5120-064	07/01/10-06/30/11	14,153				16,687	14,153							14,153
Nursing Services	12-100-034-5120-070	07/01/11-06/30/12	16,687				16,687	16,687							16,687
Nursing Services	11-100-034-5120-070	07/01/10-06/30/11	16,770						153						16,770
Character Education Aid	03-495-034-5120-053	07/01/05-06/30/06	5,656			236									5,656
Total Special Revenue Fund				(45,797)			781,090	263,188	153	45,561					396,476
															519,182
State Department of Agriculture:															
Enterprise Fund:															
National School Lunch Program (State Share)	12-100-010-3360-067	07/01/11-06/30/12	11,778				10,917	11,778							11,778
National School Lunch Program (State Share)	11-100-010-3360-067	07/01/10-06/30/11	11,775	(1,580)			1,580								11,775
Total Enterprise Fund				(1,580)			12,497	11,778							11,778
															519,182
															81,064
TOTAL STATE FINANCIAL ASSISTANCE															

BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year Ended June 30, 2012

State Grantor/Program Title	Project Number	Grant or State	Grant Period	Award Amount	Balance at June 30, 2011		Due To Grantor	Cash Received	Budgetary Expenditures	Prior Year Accounts Payable Cancelled	Adjustment/ Reapportionment of Prior Years Balance	Balance at June 30, 2012		MEMO		
					Deferred Revenue/ (Accts. Receivable)	Due To Grantor						Accounts Receivable	Deferred Revenue			
Other Financial Assistance:																
Exxon/Mobil			07/01/10-06/30/11	750	750			500						*		
Math Moves			07/01/10-06/30/11	4,982	4,982							250		*	500	
BCUA			07/01/10-06/30/11	2,287	2,287							4,982		*		
Bergen County Guidance			07/01/11-06/30/12	700				700				2,317		*	700	
Gilbert Avenue Home/School Assoc.			07/01/11-06/30/12	15,000				15,000						*	15,000	
MSG Varsity			07/01/11-06/30/12	1,000				1,000						*	1,000	
Bob's Furniture - Donation			07/01/11-06/30/12	1,500				1,500				1,500		*		
Exxon/Mobil			07/01/11-06/30/12	500				500				500		*		
Math Moves You			07/01/11-06/30/12	2,000				2,000				2,000		*		
BCUA - Gilbert			07/01/11-06/30/12	1,000				1,000				1,000		*		
NISBAIG Grant			07/01/11-06/30/12	12,843				12,843				6,782		*	6,061	
Total Other Financial Assistance				8,019				34,543		30		19,331			23,261	
							\$									
								5,654,943		183		45,561	(501,146)			6,299,143
								4,987,298				19,331				81,064
								45,797				519,189				

K-4

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

TOTAL STATE AND OTHER FINANCIAL ASSISTANCE

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance includes the activity of all federal and state award programs of the Board of Education, Borough of Elmwood Park School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards 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 of Expenditures of Federal Awards and State Financial Assistance are presented on 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 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133 A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ in 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 the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(60,069) for the general fund and \$5,650 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$11,261	\$4,629,002	\$4,640,263
Special Revenue Fund	1,199,447	263,188	1,462,635
Food Service Fund	<u>501,895</u>	<u>11,778</u>	<u>513,673</u>
Total Financial Awards	<u>\$1,712,603</u>	<u>\$4,903,968</u>	<u>\$6,616,571</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. CARRYOVER/ADJUSTMENTS

The amount in the Carryover/Adjustments column of the Schedule of Expenditures of Federal Awards represents adjustments to prior year expenditures to reconcile to the final reports and reimbursement requests.

NOTE 6. OTHER

Revenues and expenditures reported under the U.S.D.A. Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2012.

**BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported
2. Material weakness(es) identified? X yes no

Noncompliance material to general-purpose financial statements noted? X yes no

Federal Awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

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

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported
2. Material weakness(es) identified? yes X no

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173/84.391/84.392	I.D.E.A. Part B Basic, Preschool, ARRA - I.D.E.A. Part B, Basic ARRA Preschool
10.555	National School Lunch Program
84.010	Title I Improving Basic Programs

**BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

Section I - Summary of Auditor's Results, (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? _____ yes X no

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

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

2. Material weakness(es) identified? _____ yes X no

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 04-04? X yes _____ no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
495-034-5120-084/495-034-5120-089/495-034-5120-078	Security Aid/Special Education Categorical Aid/Equalization Aid
495-034-5095-002	Reimbursed TPAF Social Security Contributions
100-034-5120-473	Extraordinary Aid

**BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

Section II - Financial Statement Findings

Finding 2012-1:

The District ended the year with a deficit in fund balance. The deficit was not a direct result of a delay in the last State Aid payment, therefore, the District was in violation of New Jersey statute and corrective action is required.

Criteria or Specific Requirement:

In accordance with N.J.A.C. 6A:23A-16.10, a board of education shall implement controls to prevent deficits in Fund Balance.

Condition:

Expenditures were made in excess of available funds for various budgetary line items resulting in a year-end deficit in the General Fund Balance.

Context:

Several errors were made during the processing of transactions without proper reconciliations.

Effect:

Year-end deficit in Fund.

Cause:

Lack of proper controls to ensure that all financial transactions were recorded in the accounting records.

Recommendation:

That the Board take corrective action to eliminate the deficit.

Management's Response:

Management is in agreement and a corrective action plan has been formulated in conjunction with the County Superintendent of Schools overseeing the plan.

**BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

Section II - Financial Statement Findings, (continued)

Finding 2012-2:

Several budgetary line accounts were over-expended during the fiscal year and at June 30 without Board Secretary's monthly certification.

Criteria or Specific Requirement:

A district board of education shall only approve an encumbrance or expenditure (liability or payment) that, when added to the total of existing encumbrances and expenditures, does not exceed the amount appropriated by the district board of education in the applicable line item account established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23A-16.10.

Condition:

A district board of education did not receive certification from the school business administrator/board secretary each month that total encumbrances and expenditures for each line item account did not exceed the line item appropriation.

Context:

A district board of education shall obtain a certification from the school business administrator/board secretary each month that total encumbrances and expenditures for each line item account do not exceed the line item appropriation.

Effect:

Several budgetary line accounts were over-expended during the fiscal year and at June 30.

Cause:

Oversight of compliance requirements to certify encumbrances and expenditures for each line item account do not exceed the line item appropriation on a monthly basis as referenced in N.J.A.C. 6A:23A-16.10.

Management's Response:

The district board of education will ensure that certification of encumbrances and expenditures for each line item account do not exceed the line item appropriation will be executed on a monthly basis and recorded for approval in the minutes.

**BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

STATE AWARDS

Finding 2012-3:

Information on the State Program:

Extraordinary Aid, NJCFS number 495-034-5120-044, Grant Period 7/1/11-6/30-12

Criteria or Specific Requirement:

Extraordinary Aid is available for partial reimbursement of allowable costs depending upon the category selected for each student. Allowable costs must be incurred during the fiscal year 2011-2012 for the purposes allowed for in the application extraordinary aid. Costs incurred for multiple years cannot be combined in order to reach costs eligibility limits.

Condition:

The amounts used to calculate allowable costs for the Extraordinary Aid applicable did not agree with contract amounts.

Questioned Costs:

The application for Special Education Extraordinary Aid is based on allowable Extraordinary Aid costs including the educational portion and support portion of paid public school tuition, \$75,091.

Effect:

The use of the incorrect amount resulted in cost being overstated for two of the thirty-nine students tested.

Cause:

Incorrect amounts were used to calculate the allowable costs that can be claimed per student.

Management's Response:

More care will be taken to ensure the proper per pupil classroom costs will be used to calculate qualified costs for Extraordinary Aid applications.

**BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

*Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs
(continued)*

Finding 2012-4:

Information on the State Program:

Equalization, NJCFS number 495-034-5120-078, Grant Period 7/1/11-6/30/12
Special Education, NJCFS number 495-034-5120-089, Grant Period 7/1/11-6/30/12
Security Aid, NJCFS number 495-034-5120-089, Grant Period 7/1/11-6/30/12

Criteria or Specific Requirement:

N.J.A.C. 6A:23A-5.3 requires the District to maximize its participation in Special Education Medicaid Initiative Program defined as a 90 percent return rate of parental consent forms for all Medicaid eligible students. Special Education Medicaid Initiative Program allows for recovery of costs associated with the delivery of related services and evaluation services to special education students.

Condition:

The District did not maximize its participation in the Special Education Medicaid Initiative Program.

Questioned Costs:

\$25,336

Context:

The District did not have sufficient staff to oversee the Special Education Medicaid Initiative Program; therefore, they were unable to maximize their participation.

Effect:

The District did not maximize recovery of costs associated with related services/evaluations for special education students.

Cause:

The District did not comply with conditions set by the State Compliance to receive state aid.

Management's Response:

More care will be taken to ensure participation.

**BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)**

***Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs
(continued)***

Finding 2012-5:

Information on the State Program:

Equalization, NJCFS number 495-034-5120-078, Grant Period 7/1/11-6/30/12
Special Education, NJCFS number 495-034-5120-089, Grant Period 7/1/11-6/30/12
Security Aid, NJCFS number 495-034-5120-089, Grant Period 7/1/11-6/30/12

Criteria or Specific Requirement:

N.J.A.C. 6A:23A-5.3 requires Districts to receive county superintendent approval for any transfer to an advertised appropriation account identified as administration that exceeds, on a cumulative basis, 10 percent of the amount of the account included in the district's budget certified for taxes.

Condition:

The District transferred funds to Administrative Information Technology that, on a cumulative basis, exceeded 10 percent of the amount of the original budget without proper department approval.

Questioned Costs:

None

Context:

Transfers to any general appropriation account that exceeds 10 percent of the amount included in the budget certified for taxes requires approval of the County Superintendent.

Effect:

N.J.A.C. 6A:23A-13.3g states that transfers from any general appropriation account identified as administration that, on a cumulative basis, exceeds 10 percent of the amount of the account included in the budget certified for taxes must be submitted to the County Superintendent for approval.

Cause:

Monthly transfer worksheets were not prepared or reviewed; therefore, violation was not noted.

Management's Response:

The District will ensure that future transfer are recorded properly via the monthly transfer worksheets as prescribed by the Department of Education and submit request for approval from the County Superintendent for transfers that exceed a cumulative of 10 percent to an appropriation identified as administration..

**BOROUGH OF ELMWOOD PARK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Status of Prior Year Findings

Finding 2011-1

The District ended the year with a deficit in fund balance. The deficit was not a direct result of delay in the last State Aid payment; therefore, the District was in violation of New Jersey statute and correction action is required.

Criteria or Specific Requirement:

In accordance with N.J.A.C. 6A:23A-16.10, a board of education shall implement controls to prevent overexpenditures and deficits in Fund Balance.

Status:

Unchanged