OLD TAPPAN BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Old Tappan, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Old Tappan Board of Education

Old Tappan, New Jersey

For The Fiscal Year Ended June 30, 2010

Prepared by

Business Office

OLD TAPPAN BOARD OF EDUCATION
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INTRODUCTORY SECTION

Old Tappan Board of Education

277 Old Tappan Road
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Business Administrator / Board Secretary

September 30, 2010

Honorable President and
Members of the Board of Education
Old Tappan Board of Education
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Old Tappan Board of Education (the "Board") for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 04-04 OMB, "Single Auditor Policy for Recipients of Federal Grants, State Grants and State Aid Payments". 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.

1) REPORTING ENTITY AND ITS SERVICES:

The Old Tappan Board of Education is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Old Tappan 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 8. These include regular and special education. The District completed the 2009-2010 fiscal year with an average daily enrollment of 871.7 students, which is a 1.27% increase from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2009-10	871.7	1.27%
2008-09	860.7	(0.73)%
2007-08	867.0	(1.31)%
2006-07	878.5	2.75
2005-06	855.0	4.10
2004-05	821.3	0.61
2003-04	816.3	0.91
2002-03	808.9	1.90
2001-02	794.1	5.50
2000-01	750.0	0.04

2) ECONOMIC CONDITION AND OUTLOOK:

The Borough of Old Tappan comprises a land area of 3.2 square miles and is located in the northeastern part of Bergen County. In September 2005, a demographic study was conducted by Whitehall Associates, Inc. which projected residential development in the community as well as turnover of existing dwellings. Development of new townhouses and/or single-family homes will increase the assessed valuation of the community and add to the property tax base.

3) MAJOR INITIATIVES:

The District's major goals and initiatives for the 2009-10 school year were:

Goal 1: To continue to increase the level of challenge for all students focusing on student achievement in the areas of Language Arts Literacy and Mathematics.

Goal 2- To complete the review of the LEAP program, including comprehensive analysis of the current program and recommendations for revisions.

Goal 3- To continue to provide staff development opportunities to meet the needs of all students with a commitment to differentiated learning as it relates to student achievement.

Goal 4- To increase the level of communication among the stakeholders in the community.

4) INTERNAL ACCOUNTING CONTROLS:

Management of the Board is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Board 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 Board 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 Board management.

As part of the Board'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 Board has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the borough. 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance as of June 30, 2010.

6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

8) CASH MANAGEMENT:

The investment policy of the Board is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 2. The Board 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.

9) RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the Northeast Bergen School Board Insurance Group.

10) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board of Trustees selected the accounting firm of Lerch, Vinci, and Higgins, LLP. 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 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements, the combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

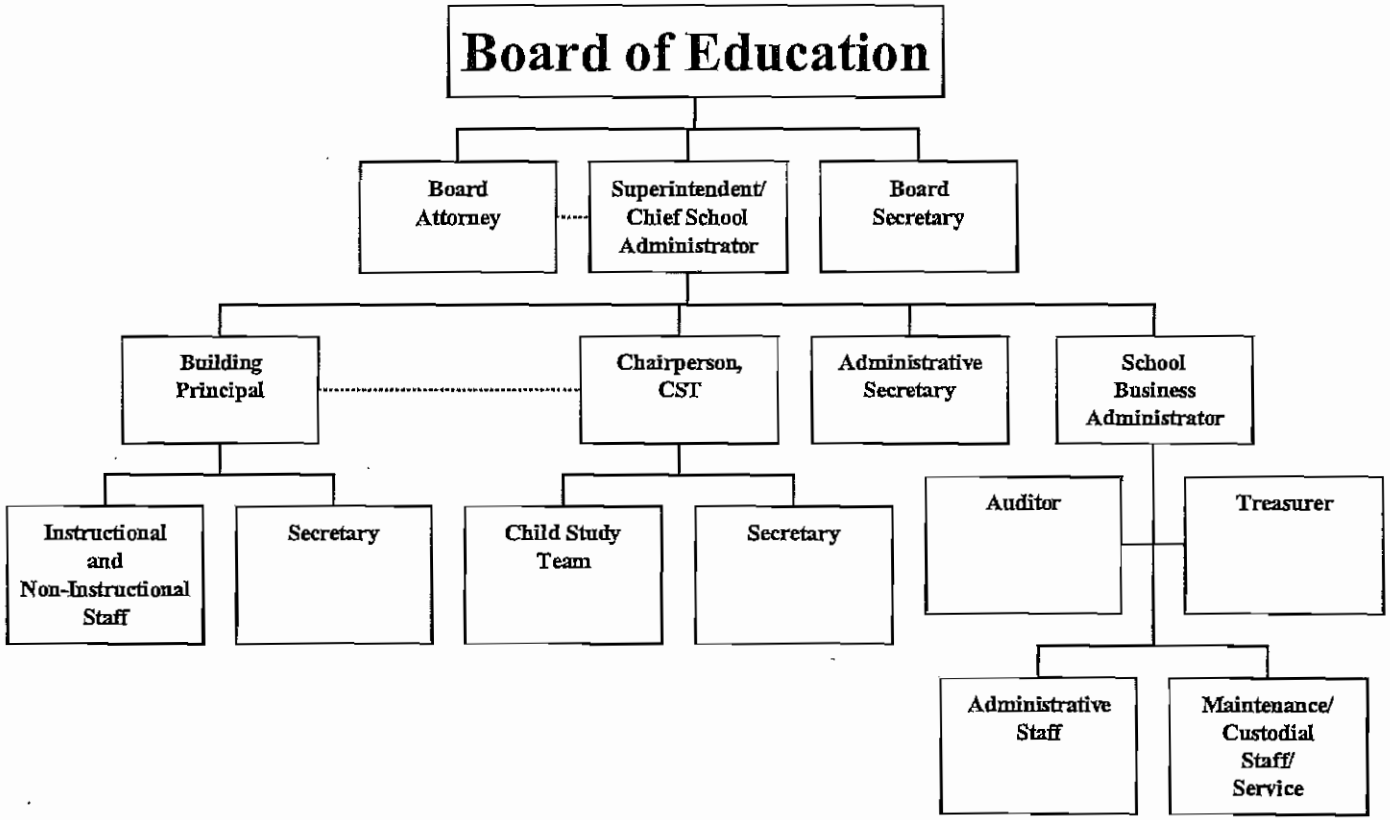
11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Old Tappan Board of Education 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,

Douglas Barrett
Business Administrator/
Board Secretary

OLD TAPPAN PUBLIC SCHOOLS
ORGANIZATIONAL CHART



OLD TAPPAN BOARD OF EDUCATION

ROSTER OF OFFICIALS
JUNE 30, 2010

Members of the Board of Education	Term Expires
Maryellen LaFronz, President	2013
Tom McDermott, Vice President	2013
Nicole Gray	2011
Lorraine Hliboki	2012
Diane Brosnan	2012

Other Officials

William Ward, Superintendent of Schools

Douglas S. Barrett, School Business Administrator/Board Secretary

Richard L. Kerber, Treasurer

Fogarty & Hara, Board Attorney

OLD TAPPAN BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208 N
Fair Lawn, NJ 07410

Attorney

Fogarty & Hara
16-00 Route 208 South
Fair Lawn, NJ 07410

Official Depository

TD Bank
1100 Lake Street
Ramsey, NJ 07446

FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITORS' REPORT

Honorable President and Members
of the Board of Trustees
Old Tappan Board of Education
Old Tappan, 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 Old Tappan Board of Education as of and for the fiscal year ended June 30, 2010, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Old Tappan Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Old Tappan Board of Education as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 18, 2010 on our consideration of the Old Tappan Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Lerch, Vinci & Higgins, LLP

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

Gary J. Vinci

Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 18, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

OLD TAPPAN BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Old Tappan School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2010. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2010 is as follows:

- General revenues accounted for $12,575,785 or 88 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for $1,672,249 or 12 percent of total revenues of $14,248,034.

- The School District had $13,333,292 in expenses; only $1,672,249 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $12,575,785 were adequate to provide for these programs.

- Among governmental funds, the General Fund had $13,005,562 in revenues and $12,483,981 in expenditures. The General Fund's fund balance increased by $573,834 from 2009.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provides information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at significant funds with all other non-major funds presented in one total column. The General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2010?" The Statement of Net Assets and the Statement of Activities answer that question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Reporting the School District as a Whole (Continued)

Statement of Net Assets and the Statement of Activities (Continued)

These two statements report the School District's net assets and changes in those assets. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental Activities – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- Business-Type Activity – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

The District's activities are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The District as a Whole

The Statement of Net Assets provides one perspective of the District as a whole. Below is a summary of the District's net assets as of June 30, 2010 and 2009.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and Other Assets	$ 6,028,086	$ 5,600,421	$ 1,933	$ 1,742	$ 6,030,019	$ 5,602,163
Capital Assets	9,872,883	10,088,944	-	-	9,872,883	10,088,944
Total Assets	15,900,969	15,689,365	1,933	1,742	15,902,902	15,691,107
Long-Term Liabilities	6,077,654	6,689,746			6,077,654	6,689,746
Other Liabilities	87,779	178,197	-	437	87,779	178,634
Total Liabilities	6,165,433	6,867,943	-	437	6,165,433	6,868,380
Net Assets:						
Invested in capital assets, net of related debt	3,868,726	3,518,495			3,868,726	3,518,495
Restricted	1,550,449	575,023			1,550,449	575,023
Unrestricted	4,316,361	4,727,904	1,933	1,305	4,318,294	4,729,209
Total Net Assets	$ 9,735,536	$ 8,821,422	$ 1,933	$ 1,305	$ 9,737,469	$ 8,822,727

Below is a summary of changes in net assets for the fiscal years ended June 30, 2010 and 2009.

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for Services	$ 21,702	$ 38,374	$ 5,104	$ 5,756	$ 26,806	$ 44,130
Operating Grants and Contributions	1,641,706	1,514,970	3,737	4,920	1,645,443	1,519,890
General Revenues						
Property Taxes	12,246,014	11,910,264			12,246,014	11,910,264
Other	329,735	308,511	36	92	329,771	308,603
Total Revenues	14,239,157	13,772,119	8,877	10,768	14,248,034	13,782,887
Expenses						
Current						
Instruction	8,562,268	7,923,198			8,562,268	7,923,198
Support Services						
Student and Instruction Related Serv.	1,404,264	1,311,367			1,404,264	1,311,367
General and School Administration	1,043,560	959,939			1,043,560	959,939
Business / Central Services	479,621	447,149			479,621	447,149
Maintenance of Facilities	1,293,711	1,367,096			1,293,711	1,367,096
Pupil Transportation	234,576	204,732			234,576	204,732
Interest and Fiscal Charges	307,043	336,137			307,043	336,137
Food Service	-	-	8,249	18,525	8,249	18,525
Total Expenses	13,325,043	12,549,618	8,249	18,525	13,333,292	12,568,143
Change in Net Assets	914,114	1,222,501	628	(7,757)	914,742	1,214,744
Net Assets, Beginning of Year	8,821,422	7,598,921	1,305	9,062	8,822,727	7,607,983
Net Assets, End of Year	$ 9,735,536	$ 8,821,422	$ 1,933	$ 1,305	$ 9,737,469	$ 8,822,727

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up 86 percent of revenues for governmental activities for the Old Tappan School District in fiscal year 2010. The District's total revenues were $14,239,157 for the year ended June 30, 2010. Federal and state grants accounted for 12 percent of revenue. The total cost of all programs and services was $13,325,043. Instruction comprises 64 percent of District expenses.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal reimbursements.

- Food service revenues exceeded expenses by $628.
- Charges for services represent 57 percent of revenue. This represents amounts paid for daily milk service.
- Federal reimbursement for milk totaled $3,737.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following schedule shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

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

Functions/Programs	Cost of Services 2010	Cost of Services 2009	Net Cost of Services 2010	Net Cost of Services 2009
Instruction	$ 8,562,268	$ 7,923,198	$ 7,089,222	$ 6,552,685
Support Services				
Student and Instruction Related Svcs.	1,404,264	1,311,367	1,388,706	1,296,896
General and School Administrative Services	1,043,560	959,939	955,659	891,503
Business / Central Services	479,621	447,149	438,005	409,058
Maintenance of Facilities	1,293,711	1,367,096	1,293,711	1,367,096
Pupil Transportation	234,576	204,732	189,289	142,899
Interest and Fiscal Charges	307,043	336,137	307,043	336,137
Total Governmental Activities	$ 13,325,043	$ 12,549,618	$ 11,661,635	$ 10,996,274

Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to $14,239,157 and expenditures were $13,716,063.

The District's Funds (Continued)

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2010 and 2009.

	Year Ended June 30, 2010	Year Ended June 30, 2009	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources	$ 12,355,025	$ 12,033,772	$ 321,253	2.67%
State Sources	1,586,494	1,568,816	17,678	1.13%
Federal Sources	297,638	169,531	128,107	75.57%
Total Revenues	$ 14,239,157	$ 13,772,119	$ 467,038	3.39%

The following schedule represents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal years ended June 30, 2010 and 2009.

	Year Ended June 30, 2010	Year Ended June 30, 2009	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	$ 8,555,501	$ 7,921,275	$ 634,226	8.01%
Support Services	4,106,582	3,951,898	154,684	3.91%
Capital Outlay	124,247	74,814	49,433	66.07%
Debt Service				
Principal	680,000	635,000	45,000	7.09%
Interest	249,733	271,957	(22,224)	-8.17%
Total Expenditures	$ 13,716,063	$ 12,854,944	$ 861,119	6.70%

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

General Fund Budgeting Highlights (Continued)

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over expenditures in specific line item accounts. Several of these revisions bear notation.

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Transfers were made to reclassify expenditures for both specific special education programs and extraordinary support services that were budgeted in other programs services as well as unexpected increases in these services, as well as increases to acquire equipment for Operation Maintenance and Regular Instruction.
- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

Capital Assets

At June 30, 2010, the District had $9,872,883 in land, buildings, furniture, equipment and vehicles. Below is a comparison of the book value of capital assets (net of accumulated depreciation) at June 30, 2010 and 2009.

	Total	
	2010	2009
Land	$ 38,600	$ 38,600
Site Improvements	3,051	20,733
Buildings and Building Improvements	9,677,080	9,940,967
Machinery, Equipment and Vehicles	154,152	88,644
Total	$ 9,872,883	$ 10,088,944

Debt Administration

At June 30, 2010 and 2009, the District had $6,077,654 and $6,689,746 of outstanding long-term liabilities. Of these amounts, $31,756 and $16,147 is for compensated absences; $6,045,898 and $6,673,599 are for serial bonds net of unamortized premiums and gains previously issued for school construction projects.

For the Future

Currently, the District is in good financial condition. Everyone associated with the Old Tappan School District is grateful for the community support of the schools, as evidenced by the successful passage of the annual budget. However, new legislation is a major concern and may significantly limit the District's ability to provide programs and appropriate class sizes. This, coupled with uncertainty surrounding a new funding formula, will perpetuate the significant reliance on local property taxes.

In conclusion, the Old Tappan School District has committed itself to financial excellence for many years. Its system for financial planning, budgeting, and internal financial controls is audited annually and the District will continue to work hard to prudently manage its finances to meet the many challenges ahead.

Contacting the District's Financial Management

If you have questions about this report or need additional information, contact the School Business Administrator at the Old Tappan Board of Education, 277 Old Tappan Road, Old Tappan, NJ 07675.

BASIC FINANCIAL STATEMENTS

EXHIBIT A-1

OLD TAPPAN BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 4,670,848	$ 1,585	$ 4,672,433
Receivables, net			
Receivables from Other Governments	15,049	348	15,397
Deferred Charges	41,741		41,741
Restricted Assets			
Capital Reserve Account - Cash	1,300,448		1,300,448
Capital Assets Not Being Depreciated	38,600		38,600
Capital Assets, Being Depreciated, net	9,834,283	-	9,834,283
Total Assets	15,900,969	1,933	15,902,902
LIABILITIES			
Accounts Payable	7,220		7,220
Accrued Interest Payable	56,483		56,483
Unearned Revenue	24,076		24,076
Noncurrent Liabilities			
Due Within One Year	700,000		700,000
Due Beyond One Year	5,377,654	-	5,377,654
Total Liabilities	6,165,433	-	6,165,433
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	3,868,726		3,868,726
Restricted for			
Debt Service	1		1
Capital Projects	1,200,448		1,200,448
Other Purposes	350,000		350,000
Unrestricted	4,316,361	1,933	4,318,294
Total Net Assets	$ 9,735,536	$ 1,933	$ 9,737,469

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

OLD TAPPAN BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental Activities							
Instruction							
Regular	$ 5,609,260	$ 21,702	$ 564,250		$ (5,023,308)		$ (5,023,308)
Special Education	2,637,656		856,629		(1,781,027)		(1,781,027)
Other Instruction	249,692		25,353		(224,339)		(224,339)
School Sponsored Activities and Athletics	65,660		5,112		(60,548)		(60,548)
Support Services							
Student and Instruction Related Services	1,404,264		15,558		(1,388,706)		(1,388,706)
General Administration Services	517,269		35,095		(482,174)		(482,174)
School Administration Services	526,291		52,806		(473,485)		(473,485)
Business / Central Services	479,621		41,616		(438,005)		(438,005)
Plant Operations and Maintenance	1,293,711				(1,293,711)		(1,293,711)
Pupil Transportation	234,576		45,287		(189,289)		(189,289)
Interest on Debt	307,043	-	-	-	(307,043)	-	(307,043)
Total Governmental Activities	13,325,043	21,702	1,641,706	-	(11,661,635)	-	(11,661,635)
Business-Type Activities							
Food Service	8,249	5,104	3,737	-	-	$ 592	592
Total Business-Type Activities	8,249	5,104	3,737	-	-	592	592
Total Primary Government	$ 13,333,292	$ 26,806	$ 1,645,443	$ -	(11,661,635)	592	(11,661,043)
General Revenues							
Property Taxes, levied for general purposes					11,525,063		11,525,063
Property Taxes, levied for debt service					720,951		720,951
Investment Earnings					50,915	36	50,951
State Aid Levied for Debt Service					208,760		208,760
Unrestricted State Aid					38,377		38,377
Miscellaneous Income					31,683	-	31,683
Total General Revenues					12,575,749	36	12,575,785
Change in Net Assets					914,114	628	914,742
Net Assets, Beginning of Year					8,821,422	1,305	8,822,727
Net Assets, End of Year					$ 9,735,536	$ 1,933	$ 9,737,469

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

FUND FINANCIAL STATEMENTS

EXHIBIT B-1

OLD TAPPAN BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2010

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 4,657,644	$ 13,203		$ 1	$ 4,670,848
Receivables,Net					
Receivables from Other Governments	6,765	8,284			15,049
Restricted Cash and Cash Equivalents	1,300,448	-	-	-	1,300,448
Total Assets	$ 5,964,857	$ 21,487	$ -	$ 1	$ 5,986,345
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 7,220				$ 7,220
Deferred Revenue	2,589	$ 21,487	-	-	24,076
Total Liabilities	9,809	21,487	-	-	31,296
Fund Balances					
Reserved for					
Emergency Reserve Account	250,000				250,000
Capital Reserve Account	1,200,448				1,200,448
Maintenance Reserve Account	100,000				100,000
Excess Surplus	1,824,237				1,824,237
Excess Surplus Designated for Subsequent Year's Budget	2,466,656				2,466,656
Unreserved, Reported in					
Undesignated, Reported in					
General Fund	113,707				113,707
Debt Service Fund				$ 1	1
Capital Projects Fund	-	-	-	-	-
Total Fund Balances	5,955,048	-	-	1	5,955,049
Total Liabilities and Fund Balances	$ 5,964,857	$ 21,487	$ -	$ 1	

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 $15,930,943 and the accumulated depreciation is $6,058,060.		9,872,883
The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:		(56,483)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds		
Serial Bonds Payable	$ (6,045,898)	
Less:Bond Issuance Costs	41,741	
Compensated Absences	(31,756)	
		(6,035,913)
Net assets of governmental activities		$ 9,735,536

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

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	$ 11,525,063			$ 720,951	$ 12,246,014
Tuition	21,702				21,702
Interest	49,380		$ 1,535		50,915
Miscellaneous	31,683	$ 4,711	-	-	36,394
Total - Loeal Sources	11,627,828	4,711	1,535	720,951	12,355,025
Intergovernmental					
State Sourees	1,377,734			208,760	1,586,494
Federal Sourees	-	297,638		-	297,638
Total Intergovernmental Sourees	1,377,734	297,638	-	208,760	1,884,132
Total Revenues	13,005,562	302,349	1,535	929,711	14,239,157
EXPENDITURES					
Current					
Regular Instruction	5,572,728	29,765			5,602,493
Special Education Instruetion	2,456,106	181,550			2,637,656
Other Instruction	249,692				249,692
School-Sponsored Activities and Athletics	65,660				65,660
Support Services					
Student and Instruction Related Services	1,397,468	1,146			1,398,614
General Administration Serviccs	506,504				506,504
School Administratiou Services	526,291				526,291
Business/Central Services	477,559				477,559
Plant Operations and Maintenance	963,038				963,038
Pupil Transportation	234,576				234,576
Debt Service					
Prineipal				680,000	680,000
Interest and Other Charges				249,733	249,733
Capital Outlay	34,359	89,888	-	-	124,247
Total Expenditures	12,483,981	302,349	-	929,733	13,716,063
Excess (Deficiency) of Revenues Over (Under) Expenditures	521,581	-	1,535	(22)	523,094
OTHER FINANCING SOURCES (USES)					
Transfers In	52,253				52,253
Transfers Out	-	-	(52,253)	-	(52,253)
Total Other Financing Sources and Uses	52,253	-	(52,253)	-	-
Net Change in Fund Balances	573,834	-	(50,718)	(22)	523,094
Fund Balance, Beginning of Year	5,381,214	-	50,718	23	5,431,955
Fund Balance, End of Year	$ 5,955,048	$ -	$ -	$ 1	$ 5,955,049

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

EXHIBIT B-3

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

Total net change in fund balances - governmental funds (Exhibit B-2)		$ 523,094
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities those costs are shown in the statement and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expenses exceeds capital outlay in the current period.		
Capital Outlay	$ 124,247	
Depreciation Expense	(340,308)	
		(216,061)
Repayment of lease purchase and bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:		
Bond Principal Repayments	680,000	
Amortization Expense:		
Deferred Amount on Refunding	(56,531)	
Original Issue Premium	4,232	
Bond Issuance Costs	(10,961)	
		616,740
In the statement of activities, certain operating expenses, e.g., compensated absences 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 (+).		(15,609)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
Decrease in accrued interest		5,950
Change in net assets of governmental activities (Exhibit A-2)		$ 914,114

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

OLD TAPPAN BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

	Other Non-Major Enterprise Fund Totals
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 1,585
Intergovernmental Receivable	
Federal	348
Total Current Assets	1,933
Total Assets	1,933
NET ASSETS	
Unrestricted	1,933
Total Net Assets	$ 1,933

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

OLD TAPPAN BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Other Non-Major Enterprise Fund Totals
OPERATING REVENUES	
Charges for Services	
Daily Sales	$ 5,104
Total Operating Revenues	5,104
OPERATING EXPENSES	
Cost of Sales	3,166
Salaries and Wages	5,083
Total Operating Expenses	8,249
Operating (Loss)	(3,145)
NONOPERATING REVENUES	
Federal Sources	
Special Milk Program	3,737
Interest and Investment Revenue	36
Total Nonoperating Revenues	3,773
Change in Net Assets	628
Net Assets, Beginning of Year	1,305
Net Assets, End of Year	$ 1,933

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

OLD TAPPAN BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Other Non-Major Enterprise Fund Totals
CASH FLOW FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 5,104
Cash Payments to Suppliers for Goods and Services	(8,686)
Net Cash Provided by (Used for) Operating Activities	(3,582)
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Cash Received from State and Federal Subsidy Reimbursements	3,861
Net Cash Provided by (Used for) Noncapital Financing Activities	3,861
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	36
Net Cash Provided by (Used for) Investing Activities	36
Net Increase in Cash and Cash Equivalents	315
Cash and Cash Equivalents, Beginning of Year	1,270
Cash and Cash Equivalents, End of Year	$ 1,585
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating (Loss)	$ (3,145)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	(437)
Total Adjustments	(437)
Net Cash Provided by (Used for) Operating Activities	$ (3,582)

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

OLD TAPPAN BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2010

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	$ 405,776	$ 74,905
Total Assets	405,776	74,905
LIABILITIES		
Payroll Deductions and Withholdings		7,548
Accrued Salaries And Wages		5,677
Due to State of New Jersey	2,281	
Due to Student Groups	-	61,680
Total Liabilities	2,281	$ 74,905
NET ASSETS		
Held in Trust for Unemployment Claims and Other Purposes	$ 403,495	

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

EXHIBIT B-8

OLD TAPPAN BOARD OF EDUCATION
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Unemployment Compensation Trust
ADDITIONS	
Contributions	
Board	$ 250,000
Employees	9,855
Investment Earnings	
Interest	1,726
Total Additions	261,581
DEDUCTIONS	
Unemployment Claims and Contributions	44,823
Change in Net Assets	216,758
Net Assets, Beginning of Year	186,737
Net Assets, End of Year	$ 403,495

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organizatiou; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. District-wide and Fund Financial Statements

The district-wide financial statements report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District considers all of its governmental funds to be major funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

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

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school's milk program.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the government reports the following fund type:

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

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow FASB guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal subsidies for the food service operation are considered nonoperating revenues.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Receivables and Payables

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

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

> *Tuition Revenues* - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.
>
> *Tuition Expenditures* - Tuition charges for the fiscal years 2008-2009 and 2009-2010 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

3. Inventories

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

4. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of $2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or estimated historical cost if constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and Building Improvements	20-50
Site Improvements	5-10
Machinery and Equipment	5-10
Computer Equipment	5

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements. There is no liability in the Propriety Fund as of June 30.

7. Long-term obligations

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Long-term obligations (Continued)

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

8. Fund Equity

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures.

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

Reserved for Excess Surplus – This reserve was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that is required to be appropriated in the 2011/2012 original budget certified for taxes.

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

Reserved for Maintenance Reserve – This reserve was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

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

9. Reclassifications

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2009/2010. During 2009/2010 the Board increased the original budget by $277,172. The increase was funded by additional surplus appropriated and grant awards. The surplus appropriation which was approved by the Board on March 22, 2010, was to fund the acquisition of equipment.

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

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

B. Capital Reserve Account

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve Account (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2010 is as follows:

Balance, July 1, 2009		$ 550,000
Increases		
Transfer from Unexpended Capital Project Balance	$ 50,448	
Deposits Approved by Board Resolution, June 28, 2010	600,000	
		650,448
Balance, June 30, 2010		$ 1,200,448

C. Transfers to Capital Ontlay

During the 2009/2010 school year, the district transferred $37,107 to the capital outlay accounts. The transfer was approved by the County Superintendent to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h).

D. Calcnlation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2010 is $4,290,893. Of this amount, $2,466,656 was designated and appropriated in the 2010/2011 original budget certified for taxes and the remaining amount of $1,824,237 will be appropriated in the 2011/2012 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge plus collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds for all deposits not covered by the FDIC.

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of $250,000 for each failed brokerage firm. At June 30, 2010, the book value of the Board's deposits was $6,453,562 and bank balances of the Board's cash and deposits amounted to $6,744,209. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

Depository Account	
Insured	$ 6,744,209
	$ 6,744,209

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2010 the Board has no funds exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2010, the Board had no outstanding investments:

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments (Continued)

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

B. Receivables

Receivables as of year-end for the district's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Special Revenue	Food Service	Total
Receivables:				
Intergovernmental	$ 6,765	$ 8,284	$ 348	$ 15,397
Gross Receivables	6,765	8,284	348	15,397
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	$ 6,765	$ 8,284	$ 348	$ 15,397

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

	Unearned
General Fund	
Unencumbered Grant Draw Downs (Distance Learning Network)	$ 2,589
Special Revenue Fund	
Unencumbered Grant Draw Downs	21,487
Total Deferred Revenue for Governmental Funds	$24,076

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

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

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 38,600	-	-	$ 38,600
Total Capital Assets,Not Being Depreciated	38,600	-	-	38,600
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	15,356,928	$ 27,650		15,384,578
Site Improvements	88,409			88,409
Machinery and Equipment	322,759	96,597	-	419,356
Total Capital Assets Being Depreciated	15,768,096	124,247	-	15,892,343
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(5,415,961)	(291,537)		(5,707,498)
Site Improvements	(67,676)	(17,682)		(85,358)
Machinery and Equipment	(234,115)	(31,089)	-	(265,204)
Total Accumulated Depreciation	(5,717,752)	(340,308)	-	(6,058,060)
Total Capital Assets, Being Depreciated, Net	10,050,344	(216,061)	-	9,834,283
Governmental Activities Capital Assets, Net	$ 10,088,944	$ (216,061)	$ -	$ 9,872,883

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental activities:	
Instruction	
Regular	$ 1,923
Total Instruction	1,923
Support Services	
Student & Instruction Related Services	5,650
Business / Central Services	2,062
Operations and Maintenance of Plant	330,673
Total Support Services	338,385
Total Depreciation Expense - Governmental Activities	$ 340,308

D. Interfund Receivables, Payables, and Transfers

Interfund transfers

	Transfer In: General Fund
Transfer Out:	
Capital Projects Fund	$ 52,253
Total Transfers Out	$ 52,253

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt

General Obligation Bonds

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

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

$9,085,000, 2004 Bonds, due in annual installments of $700,000 to $825,000 through April 1, 2018, interest at 3.25% to 3.90%	$6,245,000

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

Governmental Activities:

	Serial Bonds		
Fiscal Year	Principal	Interest	Total
2011	$ 700,000	$ 225,933	$ 925,933
2012	745,000	199,683	944,683
2013	760,000	175,470	935,470
2014	775,000	149,630	924,630
2015	790,000	122,505	912,505
2016-2018	2,475,000	190,335	2,665,335
	$ 6,245,000	$ 1,063,556	$ 7,308,556

Statutory Borrowing Power

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

3% of Equalized Valuation Basis (Municipal)	$ 57,454,485
Less: Net Debt	6,245,000
Remaining Borrowing Power	$ 51,209,485

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

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

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Governmental Activities:					
Bonds Payable	$ 6,925,000		$ (680,000)	$ 6,245,000	$ 700,000
Add:					
Unamortized Premiums	20,346		(4,232)	16,114	
Less:					
Unamortized Loss on Refunding	(271,747)	-	56,531	(215,216)	-
Sub-total Bonds Payable	6,673,599	-	(627,701)	6,045,898	700,000
Compensated Absences	16,147	$ 15,609	-	31,756	-
Governmental Activity Long-term Liabilities	$ 6,689,746	$ 15,609	$ (627,701)	$ 6,077,654	$ 700,000

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

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund is on file with the School's Business Administrator.

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

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

Year Ended June 30,	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2010	$ 250,000	$ 9,855	$ 44,823	$ 403,495
2009		9,634	11,051	186,737
2008		13,340	8,538	185,867

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2010, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2010, the District had no estimated arbitrage earnings due to the IRS.

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Significant Legislation

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

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

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

Funding Status and Funding Progress

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

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

Annual Pension Costs (APC)

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

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

Year Ended June 30,	PERS	On-behalf TPAF
2010	$ 85,031	$ 19,073
2009	91,066	18,111
2008	41,279	395,703

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During 2009/2010 and 2008/2009 school years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed $19,073 and $18,111 during 2009/2010 and 2008/2009, respectively, for the NCGI premium.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board $449,526 during the year ended June 30, 2010 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Investment Valuation

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

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the State had a $55.9 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) which is made up to $19.8 billion for state active and retired members and $36.1 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the June 30, 2008, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2010, 2009 and 2008 were $358,211, $345,517 and $310,921, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	$ 11,525,063		$ 11,525,063	$ 11,525,063	
Tuition				21,702	$ 21,702
Interest	250		250	49,380	49,130
Miscellaneous	7,500	-	7,500	31,683	24,183
Total Local Sources	11,532,813	-	11,532,813	11,627,828	95,015
State Sources					
Categorical Transportation Aid	60,989		60,989	39,643	(21,346)
Categorical Special Education Aid	446,451		446,451	290,196	(156,255)
Categorical Security Aid	65,368		65,368	42,489	(22,879)
Extraordinary Aid	85,770		85,770	187,899	102,129
Additional Non-Public Transportation Aid				6,765	6,765
On-behalf TPAF Non-Contributory Insurance (Non-Budget)				19,073	19,073
On-behalf TPAF Post Retirement Medical Cont. (Non-Budget)				358,211	358,211
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	449,526	449,526
Total State Sources	658,578	-	658,578	1,393,802	735,224
Total Revenues	12,191,391	-	12,191,391	13,021,630	830,239
EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool/Kindergarten	343,344	$ (6,000)	337,344	295,863	41,481
Grades 1-5	2,111,946	(20,839)	2,091,107	1,993,940	97,167
Grades 6-8	1,584,815	(9,297)	1,575,518	1,513,106	62,412
Regular Program - Home Instruction					
Salaries of Teachers	4,500	1,000	5,500	910	4,590
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	124,133	(703)	123,430	75,046	48,384
Purchased Technical Services	7,000	-	7,000	6,151	849
General Supplies	189,088	(1,808)	187,280	169,444	17,836
Textbooks	62,100	(766)	61,334	37,789	23,545
Other Objects	1,000	-	1,000	540	460
Total Regular Programs	4,427,926	(38,413)	4,389,513	4,092,789	296,724
Special Education					
Auditory Impairments					
Purchased Professional-Educational Svs.	153,950	-	153,950	122,168	31,782
Total Auditory Impairments	153,950	-	153,950	122,168	31,782
Multiple Disabilities					
Salaries of Teachers	57,891	-	57,891	55,270	2,621
General Supplies	1,000	-	1,000	-	1,000
Total Multiple Disabilities	58,891	-	58,891	55,270	3,621

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room					
Salaries of Teachers	$ 819,397	$ 15,250	$ 834,647	$ 784,020	$ 50,627
General Supplies	5,460	207	5,667	4,051	1,616
Textbooks	2,500	(207)	2,293	1,004	1,289
Total Resource Room	827,357	15,250	842,607	789,075	53,532
Preschool Disabilities-Full Time					
Other Salaries for Instruction	462,633	(28)	462,605	263,908	198,697
Total Preschool Disabilities-Full Time	462,633	(28)	462,605	263,908	198,697
Total Special Education	1,502,831	15,222	1,518,053	1,230,421	287,632
Basic Skills/Remedial					
Salaries of Teachers	125,911	28	125,939	125,939	-
Total Basic Skills/Remedial	125,911	28	125,939	125,939	-
Bilingual Education					
Salaries of Teachers	62,393	-	62,393	54,492	7,901
General Supplies	1,000	-	1,000	285	715
Total Bilingual Education	63,393	-	63,393	54,777	8,616
School Sponsored Cocurricular Activities					
Salaries	40,101	1,650	41,751	36,383	5,368
Supplies and Materials	5,000	-	5,000	-	5,000
Other Objects	29,050	-	29,050	15,368	13,682
Total School Sponsored Cocurricular Activities	74,151	1,650	75,801	51,751	24,050
Total Instruction	6,194,212	(21,513)	6,172,699	5,555,677	617,022
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	1,286,114	(50,000)	1,236,114	701,471	534,643
Tuition to Priv. Sch. for the Handicap Within the State	339,665	(10,000)	329,665	112,720	216,945
Total Undistributed Expenditures - Instruction	1,625,779	(60,000)	1,565,779	814,191	751,588
Undistributed Expenditures (Continued)					
Attendance & Social Work					
Purchased Prof. and Tech Service	6,632	-	6,632	5,985	647
Total Attendance & Social Work	6,632	-	6,632	5,985	647

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	$ 160,639	$ 4,351	$ 164,990	$ 163,758	$ 1,232
Purchased Professional and Technical Services	13,000	147	13,147	12,547	600
Supplies and Materials	6,650	(1,180)	5,470	2,654	2,816
Other Objects	1,350	-	1,350	640	710
Total Health Services	181,639	3,318	184,957	179,599	5,358
Other Support Serv. Students - Related Serv.					
Salaries	101,003	2,697	103,700	102,570	1,130
Supplies and Materials	1,000	-	1,000	736	264
Total Other Support Serv. Students - Related Serv.	102,003	2,697	104,700	103,306	1,394
Guidance					
Salaries of Other Professional Staff	67,646	1,634	69,280	68,449	831
Other Purchased Serviees	4,700	-	4,700		4,700
Supplies and Materials	9,000	-	9,000	3,148	5,852
Total Guidance	81,346	1,634	82,980	71,597	11,383
Child Study Team					
Salaries of Other Professional Staff	259,776	-	259,776	244,305	15,471
Salaries of Seeretarial and Clerical Assistants	35,272	-	35,272	30,826	4,446
Purchased Professional - Educational Svs.	204,417	-	204,417	114,242	90,175
Other Purchased Professional and Tech. Services	6,000	-	6,000	2,259	3,741
Miscellaneous Purchased Services	1,200	1,407	2,607	2,607	-
Supplies and Materials	4,000	-	4,000	1,797	2,203
Other Objects	4,000	-	4,000	671	3,329
Total Child Study Team	514,665	1,407	516,072	396,707	119,365
Improvement of Instructioual Services					
Other Purchased Services	39,710	-	39,710	39,460	250
Total Improvement of Instructional Services	39,710	-	39,710	39,460	250
Educational Media Services/School Library					
Salaries	181,721	4,387	186,108	183,626	2,482
Salaries of Technology Coordinators	58,325	-	58,325	58,325	
Supplies and Materials	14,900	157	15,057	11,071	3,986
Total Educational Media Serv./School Library	254,946	4,544	259,490	253,022	6,468
Staff Trainiug Services					
Purchased Professional/Educational Services	47,991	5,812	53,803	50,700	3,103
Other Purchased Services	3,500	(1,400)	2,100	532	1,568
Total Staff Training Services	51,491	4,412	55,903	51,232	4,671

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

	Original Budget	Budget Transfers	Final Bndget	Actual	Variance Final To Aetual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Serviees General Administration					
Salaries	$ 232,473	$ 17,501	$ 249,974	$ 249,763	$ 211
Legal Services	85,000	8,433	93,433	48,111	45,322
Audit Fees	28,000	-	28,000	22,096	5,904
Architeetural/Engineering Services	5,000	5,000	10,000	-	10,000
Purchased Technical Services	10,000	-	10,000	3,700	6,300
Communications/Telephonc	48,996	-	48,996	28,925	20,071
Other Purchased Scrvices	76,349	(7)	76,342	24,224	52,118
Supplies and Matcrials	5,000	-	5,000	768	4,232
Miseellaneous Expenditures	11,045	-	11,045	8,038	3,007
Total Support Services General Administration	501,863	30,927	532,790	385,625	147,165
Support Services School Administration					
Salarics of Principal/Asst. Principals					
Salaries of Other Professional Staff	256,927	600	257,527	257,478	49
Salaries of Secretarial and Clerical Assistants	121,624	1,150	122,774	118,333	4,441
Purchased Professional and Technical Services	3,500	(17)	3,483	2,724	759
Other Purehased Services	10,750	17	10,767	1,127	9,640
Supplies and Materials	4,800	-	4,800	2,025	2,775
Total Support Services School Administration	397,601	1,750	399,351	381,687	17,664
Ceutral Services					
Salaries	281,596	28,250	309,846	296,170	13,676
Miseellaneous Purchased Services	39,450	-	39,450	21,902	17,548
Supplies and Materials	5,500	-	5,500	2,682	2,818
Total Central Services	326,546	28,250	354,796	320,754	34,042
Admin. Info Technology					
Salaries	3,431	-	3,431	3,431	-
Purchased Prof. Service	6,724	(580)	6,144	3,981	2,163
Other Purchased Scrvices	3,200	1,180	4,380	3,744	636
Supplies and Materials	7,100	(600)	6,500	1,133	5,367
Total Admin. Info Technology	20,455	-	20,455	12,289	8,166
Required Maintenancc for School Facilities					
Salaries	97,148	-	97,148	88,766	8,382
Cleaning, Repair and Maintenance	145,000	-	145,000	96,646	48,354
General Supplies	26,000	-	26,000	13,607	12,393
Other Objects	800	-	800	133	667
Total Required Maintenance for School Fac.	268,948	-	268,948	199,152	69,796
Custodial Services					
Salarics	176,842	-	176,842	132,462	44,380
Purchased Prof. And Tcchnical Scrv.	33,800	-	33,800	32,086	1,714
Cleaning, Repair and Maint. Serv.	193,000	(5,533)	187,467	149,635	37,832
Other Purchased Propcrty Services	18,500	-	18,500	12,662	5,838
Insurancc	105,273	-	105,273	73,661	31,612
Miscellaneous Purchased Services	7,512	-	7,512	1,930	5,582
General Supplics	36,500	-	36,500	15,688	20,812
Energy	452,260	-	452,260	247,447	204,813
Other Objects	1,100	-	1,100	250	850
Total Custodial Services	1,024,787	(5,533)	1,019,254	665,821	353,433

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

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	$ 19,000	-	$ 19,000	$ 13,357	$ 5,643
General Supplies	7,000	$ 750	7,750	7,708	42
Total Care & Upkeep of Grounds	26,000	750	26,750	21,065	5,685
Security					
Cleaning, Repair, and Maintenance Services	30,700	(750)	29,950	1,017	28,933
Total Security	30,700	(750)	29,950	1,017	28,933
Student Transportation Services					
Contracted Services (Between Home and School)- Vendors	131,635	-	131,635	114,720	16,915
Contracted Services (Spl. Ed. Students) - Joint Agreements	178,610	-	178,610	119,856	58,754
Total Student Transportation Services	310,245	-	310,245	234,576	75,669
Unallocated Benefits - Employee Benefits					
Social Security Contributions	118,538	1	118,539	104,256	14,283
Other Retirement Contributions-PERS	125,522	(1)	125,521	85,031	40,490
Unemployment Compensation	1,000	249,000	250,000	250,000	-
Workers Compensation	79,851	-	79,851	56,427	23,424
Health Benefits	2,067,549	(249,000)	1,818,549	1,413,713	404,836
Tuition Reimbursement	22,405	-	22,405	20,087	2,318
Other Employee Benefits	5,000	-	5,000	536	4,464
Total Unallocated Benefits - Employee Benefits	2,419,865	-	2,419,865	1,930,050	489,815
On-Behalf (Non-Budget)					
TPAF Non-Contributory Insurance				19,073	(19,073)
TPAF Post Retirement Medical Cont.				358,211	(358,211)
TPAF Social Security Payments	-	-	-	449,526	(449,526)
Total On-Behalf Payments	-	-	-	826,810	(826,810)
Total Undistributed Expenditures	8,185,221	13,406	8,198,627	6,893,945	1,304,682
Total Current Expenditures	14,379,433	(8,107)	14,371,326	12,449,622	1,921,704
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	250		250		250
Equipment					
Operation & Maintenance		5,533	5,533	4,135	1,398
Other Purch Prof & Tech Serv.		29,000	29,000	27,650	1,350
Regular Instruction	-	2,574	2,574	2,574	-
Total Equipment	-	37,107	37,107	34,359	2,748
Total Capital Outlay	250	37,107	37,357	34,359	2,998
Total Expenditures	14,379,683	29,000	14,408,683	12,483,981	1,924,702
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,188,292)	(29,000)	(2,217,292)	537,649	2,754,941
Other Financing Sources(Uses)					
Transfers In	-	-	-	52,253	52,253
Fund Balance, Beginning of Year	5,610,333	-	5,610,333	5,610,333	-
Fund Balance, End of Year	$ 3,422,041	$ (29,000)	$ 3,393,041	$ 6,200,235	$ 2,807,194

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

	Actual
Reapitulation of Fund Balance	
Emergency Reserve	$ 250,000
Capital Reserve	1,200,448
Maintenance Reserve	100,000
Excess Surplus - Designated for Subsequent Year's Budget	2,466,656
Excess Surplus	1,824,237
Unreserved, Undesignated	358,894
Fund Balance (Budgetary Basis)	6,200,235
Less:	
Extraordinary Aid Not Recognized on GAAP Basis	(187,899)
Delayed State Aid Payments Not Recognized on GAAP Basis	(57,288)
Fund Balance (GAAP Basis)	$ 5,955,048

OLD TAPPAN BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Modified Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Intergovernmental					
Federal	$ 140,000	$ 224,023	$ 364,023	$ 297,638	$ (66,385)
Local Sources					
Miscellaneous	-	24,149	24,149	4,711	(19,438)
Total Revenues	140,000	248,172	388,172	302,349	(85,823)
EXPENDITURES					
Instruction					
Purchased Prof. & Tech. Services		90,558	90,558	25,721	64,837
Tuition	140,000	15,829	155,829	155,829	
General Supplies	-	50,751	50,751	29,765	20,986
Total Instruction	140,000	157,138	297,138	211,315	85,823
Support Services					
Purchased Educational Services	-	1,146	1,146	1,146	-
Total Support Services	-	1,146	1,146	1,146	-
Facilities Acquisition and Construction					
Instructional Equipment	-	89,888	89,888	89,888	-
Total Facilities Acq. And Const.	-	89,888	89,888	89,888	-
Total Expenditures	140,000	248,172	388,172	302,349	85,823
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	$ -	$ -	$ -	$ -	$ -

OLD TAPPAN BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	$ 13,021,630	(C-2)	$ 302,349
Difference - Budget to GAAP:				
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(current year)		(245,187)		
State Aid payments recognized for GAAP statements, not recognized for Budgetary purposes.(prior year)		229,119		-
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2)	$ 13,005,562	(B-2)	$ 302,349
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	$ 12,483,981	(C-2)	$ 302,349
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	$ 12,483,981	(B-2)	$ 302,349

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	IDEA Basic	IDEA Preschool	ARRA Basic	ARRA Preschool	NCLB IV	NCLB III	NCLB II A	OTPTA Field Imprvt's	Reading Recovery	Family Math	NVEF Donations/ Grant	Total
REVENUES												
Intergovernmental												
Federal	$ 143,596	$ 12,233	$ 110,486	$ 5,123	$ 1,146	$ 24,834	$ 220					$ 297,638
Local	-	-	-	-	-	-	-	$ 368	$ 298	$ 1,546	$ 2,499	4,711
Total Revenues	$ 143,596	$ 12,233	$ 110,486	$ 5,123	$ 1,146	$ 24,834	$ 220	$ 368	$ 298	$ 1,546	$ 2,499	$ 302,349
EXPENDITURES												
Instruction												
Purchased Prof. & Tech. Services			$ 20,598	$ 5,123								$ 25,721
Tuition	$ 143,596	$ 12,233										155,829
General Supplies	-	-	-	-	-	$ 24,834	$ 220	$ 368	$ 298	$ 1,546	$ 2,499	29,765
Total Instruction	143,596	12,233	20,598	5,123	-	24,834	220	368	298	1,546	2,499	211,315
Support Services												
Purchased Prof. Educational Services	-	-	-	-	$ 1,146	-	-	-	-	-	-	1,146
Total Support Services	-	-	-	-	1,146	-	-	-	-	-	-	1,146
Faeilities Acquisition and Construction												
Instructional Equipment	-	-	89,888	-	-	-	-	-	-	-	-	89,888
Total Facilities Acq. And Const.	-	-	89,888	-	-	-	-	-	-	-	-	89,888
Total Expenditures	$ 143,596	$ 12,233	$ 110,486	$ 5,123	$ 1,146	$ 24,834	$ 220	$ 368	$ 298	$ 1,546	$ 2,499	$ 302,349

CAPITAL PROJECTS FUND

EXHIBIT F-1

OLD TAPPAN BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Issue/Project Title	Origiual Appropriation	Modified Appropriation	Expenditures Prior Year	Expenditures Transfer to Other Funds	Balance, June 30, 2010
Charles DeWolf Middle School Roof Replacement	$ 409,500	$ 375,688	$ 324,970	$ 50,718	$ -

OLD TAPPAN BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Revennes and Other Financing Sources	
Interest Income	$ 1,535
Total Revenues and Other Financing Sources	1,535
Excess of Revenues Over Expenditures	1,535
Other Financing Sources	
Transfers to Other Funds	(52,253)
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(50,718)
Fund Balance, Beginning of Year	50,718
Fund Balance, End of Year	$ -

SCHEDULE F-2a

OLD TAPPAN BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS - BUDGETARY BASIS
CHARLES DEWOLF MIDDLE SCHOOL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	$ 129,988		$ 129,988	$ 129,988
Local Sources - Transfer from Capital Outlay	245,700	-	245,700	245,700
Total Revenues	375,688	-	375,688	375,688
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	31,079		31,079	31,079
Construction Services	293,891		293,891	293,891
Transfer to Other Funds	-	$ 50,718	50,718	50,718
Total Expenditures	324,970	50,718	375,688	375,688
Excess of Revenues Over Expenditures	$ 50,718	$ (50,718)	$ -	$ -

Additional Project Information:

Project Number	3850-030-05-1400
Grant Date	September 8, 2005
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	409,500
Additional Authorized Cost	(33,812)
Revised Authorized Cost	375,688
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100%
Original Target Completion Date	September, 2006
Revised Target Completion Date	September, 2006

ENTERPRISE FUND

EXHIBIT G-1

OLD TAPPAN BOARD OF EDUCATION
ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

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

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

EXHIBIT H-1

OLD TAPPAN BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

	Student Activity	Payroll	Total Agency Funds
ASSETS			
Cash	$ 61,680	$ 13,225	$ 74,905
Total Assets	$ 61,680	$ 13,225	$ 74,905
LIABILITIES			
Payroll Deductions and Withholdings		$ 7,548	$ 7,548
Accrued Salaries and Wages		5,677	5,677
Due to Student Groups	$ 61,680	-	61,680
Total Liabilities	$ 61,680	$ 13,225	$ 74,905

EXHIBIT H-2

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

NOT APPLICABLE

EXHIBIT H-3

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

	Balance, July 1, 2009	Receipts	Disbursements	Balance, June 30, 2010
T. Baldwin Demarest School	$ 7,896	$ 14,720	$ 10,409	$ 12,207
Charles DeWolf School	46,814	119,829	120,811	45,832
Athletics	490	5,209	4,940	759
Field Trips	1,964	15,801	14,883	2,882
Total All Schools	$ 57,164	$ 155,559	$ 151,043	$ 61,680

EXHIBIT H-4

OLD TAPPAN BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance, July 1, 2009	Additions	Deletions	Balance, June 30, 2010
ASSETS				
Cash	$ 13,070	$ 7,948,786	$ 7,948,631	$ 13,225
LIABILITIES				
Payroll Deductions and Withholdings	$ 9,162	$ 3,220,140	$ 3,221,754	$ 7,548
Accrued Salaries and Wages	3,908	4,728,646	4,726,877	5,677
Total	$ 13,070	$ 7,948,786	$ 7,948,631	$ 13,225

LONG-TERM DEBT

OLD TAPPAN BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Purpose	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate	Balance, July 1, 2009	Issued	Retired	Balance, June 30, 2010
Refunding Bonds	9/1/2004	$ 9,085,000	4/1/2011	$ 700,000	3.75%				
			4/1/2012	745,000	3.25%				
			4/1/2013	760,000	3.40%				
			4/1/2014	775,000	3.50%				
			4/1/2015	790,000	3.60%				
			4/1/2016	810,000	3.70%				
			4/1/2017	840,000	3.80%				
			4/1/2018	825,000	3.90%	$ 6,925,000	-	$ 680,000	$ 6,245,000
						$ 6,925,000	$ -	$ 680,000	$ 6,245,000

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

NOT APPLICABLE

OLD TAPPAN BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources					
Local Tax Levy	$ 720,951		$ 720,951	$ 720,951	
State Sources					
Debt Service Aid	208,760	-	208,760	208,760	-
Total Revenues	929,711	-	929,711	929,711	-
EXPENDITURES					
Regular Debt Service					
Principal	680,000		680,000	680,000	
Interest	249,733	-	249,733	249,733	-
Total Expenditures	929,733	-	929,733	929,733	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22)	-	(22)	(22)	-
Other Financing Sources					
Operating Transfer In	-	-	-	-	-
	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(22)	-	(22)	(22)	-
Fund Balance, Beginning of Year	23	-	23	23	-
Fund Balance, End of Year	$ 1	$ -	$ 1	$ 1	$ -

STATISTICAL SECTION

This part of the Old Tappan Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Exhibits
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	J-1 to J-5
Revenue Capacity	
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	J-6 to J-9
Debt Capacity	
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	J-14 and J-15
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented GASB No. 44 in 2006 only seven years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

EXHIBIT J-1

OLD TAPPAN BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
Governmental Activities							
Invested in Capital Assets, Net of Related Debt	$ 1,171,205	$ 1,568,915	$ 1,845,847	$ 2,548,737	$ 3,218,995	$ 3,518,495	$ 3,868,726
Restricted	33,602	52,133	292,208	39,601	275,039	575,023	1,550,449
Unrestricted	242,724	1,163,351	1,993,529	3,387,936	4,101,550	4,727,904	4,316,361
Total Governmental Activities Net Assets	$ 1,447,531	$ 2,784,399	$ 4,131,584	$ 5,976,274	$ 7,595,584	$ 8,821,422	$ 9,735,536
Business-Type Activities							
Unrestrieted	$ 1,359	$ 5,268	$ 9,492	$ 13,627	$ 9,062	$ 1,305	$ 1,933
Total Business-Type Activities Net Assets	$ 1,359	$ 5,268	$ 9,492	$ 13,627	$ 9,062	$ 1,305	$ 1,933
District-Wide							
Invested in Capital Assets, Net of Related Debt	$ 1,171,205	$ 1,568,915	$ 1,845,847	$ 2,548,737	$ 3,218,995	$ 3,518,495	$ 3,868,726
Restricted	33,602	52,133	292,208	39,601	275,039	575,023	1,550,449
Unrestricted	244,083	1,168,619	2,003,021	3,401,563	4,110,612	4,729,209	4,318,294
Total District Net Assets	$ 1,448,890	$ 2,789,667	$ 4,141,076	$ 5,989,901	$ 7,604,646	$ 8,822,727	$ 9,737,469

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

	Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental Activities							
Instruction							
Regular	$ 4,835,950	$ 4,616,166	$ 4,773,399	$ 5,088,782	$ 5,189,551	$ 5,189,620	$ 5,609,260
Special Education	1,354,350	1,449,916	1,648,198	1,968,730	2,119,200	2,434,167	2,637,656
Other Instruction	66,917	67,097	90,447	111,638	328,347	243,594	249,692
School Sponsored Activities And Athletics	55,428	46,850	45,090	53,246	54,067	55,817	65,660
Support Services:							
Student & Instruction Related Services	995,831	1,025,207	1,161,318	1,195,465	1,287,010	1,311,367	1,404,264
General Administration Services	382,835	374,969	446,704	389,311	423,478	465,156	517,269
School Administration Services	407,977	413,381	445,545	487,531	486,218	494,783	526,291
Business / Central Services	246,692	302,687	335,503	377,327	443,913	447,149	479,621
Plant Operations And Maintenance	1,007,548	1,298,494	1,305,357	1,300,445	1,329,147	1,367,096	1,293,711
Pupil Transportation	300,483	306,031	202,598	179,988	199,968	204,732	234,576
Interest On Long-Term Debt	487,339	204,943	448,137	393,050	363,725	336,137	307,043
Total Governmental Activities Expenses	10,141,350	10,105,741	10,902,296	11,545,513	12,224,624	12,549,618	13,325,043
Business-Type Activities:							
Food Service	7,541	6,248	6,163	6,822	15,452	18,525	8,249
Total Business-Type Activities Expense	7,541	6,248	6,163	6,822	15,452	18,525	8,249
Total District Expenses	$ 10,148,891	$ 10,111,989	$ 10,908,459	$ 11,552,335	$ 12,240,076	$ 12,568,143	$ 13,333,292
Program Revenues							
Governmental Activities:							
Charges For Services:							
Regular Instruction	$ 12,265	$ 3,889	$ 1,921	$ 22,529	$ 30,173	$ 38,374	$ 21,702
Operating Grants And Contributions	859,661	970,051	1,052,299	1,425,070	1,505,607	1,514,970	1,641,706
Capital Grants And Contributions	-	-	12,148	117,840	-	-	-
Total Governmental Activities Program Revenues	871,926	973,940	1,066,368	1,565,439	1,535,780	1,553,344	1,663,408
Business-Type Activities:							
Charges For Services							
Food Service	4,289	5,029	5,217	5,726	5,620	5,756	5,104
Operating Grants And Contributions	3,367	4,996	4,741	4,400	4,496	4,920	3,737
Total Business Type Activities Program Revenues	7,656	10,025	9,958	10,126	10,116	10,676	8,841
Total District Program Revenues	$ 879,582	$ 983,965	$ 1,076,326	$ 1,575,565	$ 1,545,896	$ 1,564,020	$ 1,672,249
Net (Expense)/Revenue							
Governmental Activities	$ (9,269,424)	$ (9,131,801)	$ (9,835,928)	$ (9,980,074)	$ (10,688,844)	$ (10,996,274)	$ (11,661,635)
Business-Type Activities	115	3,777	3,795	3,304	(5,336)	(7,849)	592
Total District-Wide Net Expense	$ (9,269,309)	$ (9,128,024)	$ (9,832,133)	$ (9,976,770)	$ (10,694,180)	$ (11,004,123)	$ (11,661,043)
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Property Taxes Levied For General Purposes, Net	$ 8,119,541	$ 9,021,403	$ 9,677,046	$ 10,284,928	$ 10,775,932	$ 11,206,969	$ 11,525,063
Taxes Levied For Debt Service	726,106	745,899	729,536	702,834	691,102	703,295	720,951
Unrestricted Grants And Contributions	406,840	451,385	443,548	435,863	446,101	22,454	38,377
State Aid Restricted for Debt Service	217,381	217,796	204,592	210,789	204,334	203,646	208,760
Accrued Interest on Bonds		7,131					
Investment Earnings	5,730	10,692	74,953	165,369	139,752	65,395	50,915
Miscellaneous Income	102,073	14,363	53,438	24,981	54,270	17,016	31,683
Total Governmental Activities	9,577,671	10,468,669	11,183,113	11,824,764	12,311,491	12,218,775	12,575,749
Business-Type Activities:							
Investment Earnings	8	132	429	831	771	92	36
Total Business-Type Activities	8	132	429	831	771	92	36
Total District-Wide	$ 9,577,679	$ 10,468,801	$ 11,183,542	$ 11,825,595	$ 12,312,262	$ 12,218,867	$ 12,575,785
Change in Net Assets							
Governmental Activities	$ 308,247	$ 1,336,868	$ 1,347,185	$ 1,844,690	$ 1,622,647	$ 1,222,501	$ 914,114
Business-Type Activities	123	3,909	4,224	4,135	(4,565)	(7,757)	628
Total District	$ 308,370	$ 1,340,777	$ 1,351,409	$ 1,848,825	$ 1,618,082	$ 1,214,744	$ 914,742

EXHIBIT J-3

OLD TAPPAN BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	$ 234,008	$ 937,160	$ 1,860,651	$ 3,277,333	$ 4,236,639	$ 5,304,948	$ 5,841,341
Unreserved	233,534	304,201	179,634	225,505	227,384	76,266	113,707
Total General Fund	$ 467,542	$ 1,241,361	$ 2,040,285	$ 3,502,838	$ 4,464,023	$ 5,381,214	$ 5,955,048
All Other Governmental Funds							
Reserved			$ 379,153				
Unreserved	$ 8,602	$ 27,133	(111,945)	$ 65,319	$ 50,757	$ 50,741	$ 1
Total All Other Governmental Funds	$ 8,602	$ 27,133	$ 267,208	$ 65,319	$ 50,757	$ 50,741	$ 1

EXHIBIT J-4

OLD TAPPAN BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
Revenues							
Tax Levy	$ 8,845,647	$ 9,767,302	$ 10,406,582	$ 10,987,762	$ 11,467,034	$ 11,910,264	$ 12,246,014
Tuition Charges	12,265	3,889	1,921	22,529	30,173	38,374	21,702
Interest Earnings	5,730	10,692	74,953	165,369	139,752	65,395	50,915
Miscellaneous	108,580	61,163	65,086	52,506	63,345	19,739	36,394
State Sources	1,363,147	1,453,247	1,552,634	2,009,913	1,978,172	1,568,816	1,586,494
Federal Sources	114,228	139,185	148,305	152,124	168,795	169,531	297,638
Total Revenue	10,449,597	11,435,478	12,249,481	13,390,203	13,847,271	13,772,119	14,239,157
Expenditures							
Instruction							
Regular Instruction	4,659,066	4,610,765	4,778,736	5,111,216	5,187,628	5,187,697	5,602,493
Special Education Instruction	1,330,720	1,449,916	1,648,198	1,968,730	2,119,200	2,434,167	2,637,656
Other Instruction	70,748	67,097	90,447	111,638	328,347	243,594	249,692
School Sponsored Activities and Athletics	54,205	46,850	45,090	53,246	54,067	55,817	65,660
Support Services:							
Student and Inst. Related Services	964,975	1,018,810	1,154,921	1,189,815	1,281,360	1,305,717	1,398,614
General Administration Services	338,944	374,969	453,494	383,928	423,478	465,156	506,504
School Administrative Services	394,025	410,435	450,996	486,090	486,218	494,783	526,291
Business / Central Services	237,709	301,935	334,751	375,265	441,851	445,087	477,559
Plant Operations And Maintenance	988,132	1,058,098	1,064,961	985,761	1,019,928	1,036,423	963,038
Pupil Transportation	300,483	306,031	202,598	179,988	199,968	204,732	234,576
Capital Outlay	30,000	53,196	50,176	345,092	448,583	74,814	124,247
Bond Issuance Costs		116,101					
Advance Refunding Escrow		598,722					
Debt Service:							
Principal	475,000	715,000	595,000	625,000	615,000	635,000	680,000
Interest and Other Charges	493,128	237,157	341,114	313,770	295,020	271,957	249,733
Total Expenditures	10,337,135	11,365,082	11,210,482	12,129,539	12,900,648	12,854,944	13,716,063
Excess (Deficiency) of Revenues Over (Under) Expenditures	112,462	70,396	1,038,999	1,260,664	946,623	917,175	523,094
Other Financing Sources (Uses)							
Accrued Interest on Bonds		7,131					
Original Issue Premium		44,823					
Payment to Refunded Bond Escrow Agent		(8,415,000)					
Refunding Bonds Issued		9,085,000					
Transfers In	1,986	542	245,717	17	22		52,253
Transfers Out	(1,986)	(542)	(245,717)	(17)	(22)	-	(52,253)
Total Other Financing Sources (Uses)	-	721,954	-	-	-	-	-
Net Change in Fund Balances	$ 112,462	$ 792,350	$ 1,038,999	$ 1,260,664	$ 946,623	$ 917,175	$ 523,094
Debt Service as a Percentage of Noncapital Expenditures	9.39%	8.42%	8.39%	7.97%	7.31%	7.10%	6.84%

* Noncapital expenditures are total expenditures less capital outlay.

OLD TAPPAN BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30	Interest on Deposit	Tuition	State Health Benefits Refunds	Miscellaneous	Total
2001	$ 77,047			$ 64,052	$ 141,099
2002	29,355	$ 3,186	$ 9,733	22,811	65,085
2003	8,982	21,451		32,068	62,501
2004	3,744	12,265		102,073	118,082
2005	10,490	3,889		14,363	28,742
2006	74,936	1,921		30,029	106,886
2007	165,352	22,529		24,981	212,862
2008	139,730	30,173		54,270	224,173
2009	65,395	38,374		17,016	120,785
2010	49,380	21,702		31,683	102,765

Source: School District's Financial Statements

OLD TAPPAN BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate [a]
2001	$ 25,113,900	$ 642,130,750	$ 792,950	$ 47,500	$ 41,623,200			$ 709,708,300	$ 862,620	$ 710,570,920	$ 960,138,537	$ 1.750
2002	38,087,700	1,020,182,800	801,500	9,900	70,879,800			1,129,961,700	1,166,132	1,131,127,832	1,065,628,539	1.162
2003	39,820,200	1,034,745,100	801,500	9,900	69,509,100			1,144,885,800	1,309,328	1,146,195,128	1,119,979,360	1.313
2004	41,457,500	1,067,806,500	801,500	9,900	67,909,000			1,177,984,400	1,158,883	1,179,143,283	1,258,517,369	1.350
2005	36,747,400	1,105,903,400	801,500	9,900	65,354,100		$ 331,800	1,209,148,100	1,026,660	1,210,174,760	1,418,340,173	1.396
2006	36,137,900	1,165,433,600	380,400	9,900	62,791,700		331,800	1,265,085,300	1,019,490	1,266,104,790	1,632,324,203	1.420
2007	36,722,900	1,165,297,800	380,400	9,900	61,889,900		331,800	1,264,632,700	905,277	1,265,537,977	1,871,806,190	1.442
2008	34,314,800	1,186,252,900	380,400	9,900	61,889,900		331,800	1,283,179,700	1,013,376	1,284,193,076	1,932,044,002	1.478
2009	35,466,800	1,197,274,300	308,100	9,900	60,361,700		331,800	1,293,752,600	1,247,192	1,294,999,792	1,970,249,241	1.529
2010	33,777,900	1,207,995,400	318,000	-	61,568,200		331,800	1,303,991,300	1,290,151	1,305,281,451	1,914,086,815	1.547

Source: County Abstract of Ratables

a Tax rates are per $100

OLD TAPPAN BOARD OF EDUCATION
PROPERTY TAX RATES
PER $100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)

Assessment Year	Total	School District	Municipality	County
2001	2.30	1.750	0.246	0.300
2002	1.54	1.162	0.167	0.211
2003	1.73	1.313	0.209	0.208
2004	1.81	1.350	0.234	0.223
2005	1.89	1.396	0.263	0.231
2006	1.92	1.420	0.257	0.243
2007	1.98	1.442	0.274	0.264
2008	2.07	1.478	0.309	0.280
2009	2.14	1.529	0.309	0.303
2010	2.17	1.547	0.298	0.326

Source: Tax Duplicate, Borough of Old Tappan

EXHIBIT J-8

OLD TAPPAN BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

	2010		2001	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
United Water of NJ	$ 19,824,000	1.52%		
A & R a Ltd. Partnership	14,000,000	1.07%		
Prentice Hall	13,882,900	1.06%		
Sunrise Assisted Living	8,326,000	0.64%	**NOT AVAILABLE**	
Brennan, John E & Lucinda	4,550,300	0.35%		
Rockland Electric	2,809,000	0.22%		
Rodriguez, Pedro & Mercedes	2,626,400	0.20%		
Rodriguez, Alfredo A. & Claribel	2,241,000	0.17%		
Bortner, Kenneth & Deborah Raimond	2,171,000	0.17%		
Smyth, Kevin & Gwen	2,062,100	0.16%		
	$ 72,492,700	5.56%		0.00%

Source: Municipal Tax Assessor

EXHIBIT J-9

OLD TAPPAN BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2001	$ 7,255,118	$ 7,255,118	100.00%	N/A
2002	7,645,337	7,645,337	100.00%	N/A
2003	7,822,883	7,822,883	100.00%	N/A
2004	8,845,647	8,845,647	100.00%	N/A
2005	9,767,302	9,767,302	100.00%	N/A
2006	10,406,582	10,406,582	100.00%	N/A
2007	10,987,762	10,987,762	100.00%	N/A
2008	11,467,034	11,467,034	100.00%	N/A
2009	11,910,264	11,910,264	100.00%	N/A
2010	12,246,014	12,246,014	100.00%	N/A

OLD TAPPAN BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SEVEN FISCAL YEARS
(Unaudited)

	Governmental Activities				
Fiscal Year Ended June 30,	General Obligation Bonds	Capital Leases	Total District	Population	Per Capita
2004	$ 9,440,000		$ 9,440,000	5,787	$ 1,631
2005	9,395,000		9,395,000	5,805	1,618
2006	8,800,000		8,800,000	5,884	1,496
2007	8,175,000		8,175,000	5,958	1,372
2008	7,560,000		7,560,000	5,996	1,261
2009	6,925,000		6,925,000	6,054	1,144
2010	6,245,000		6,245,000	6,054 *	1,032

* Estimate

Source: District records

EXHIBIT J-11

OLD TAPPAN BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SEVEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2004	$ 9,440,000		$ 9,440,000	0.80%	$ 1,631
2005	9,395,000		9,395,000	0.78%	1,618
2006	8,800,000		8,800,000	0.70%	1,496
2007	8,175,000		8,175,000	0.65%	1,372
2008	7,560,000		7,560,000	0.59%	1,261
2009	6,925,000		6,925,000	0.53%	1,144
2010	6,245,000		6,245,000	0.48%	1,032

Source: District records

OLD TAPPAN BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2009
(Unaudited)

	Gross Debt	Deductions	Net Debt
Municipal Debt:			
Northern Valley Regional School District	$ 3,864,831	$ 3,864,831	
Old Tappan Board of Education	6,925,000	6,925,000	
Borough of Old Tappan	18,778,339	10,093,439	$ 8,684,900
	$ 29,568,170	$ 20,883,270	8,684,900
Overlapping Debt Apportioned to the Municipality:			
County of Bergen (A)			7,162,086
Bergen County Utilities Authority (BCUA) - Water Pollution (B)			1,552,689
			8,714,775
Total Direct and Overlapping Debt			$ 17,399,675

Sources:

(1) Borough of Old Tappan Annual Debt Statement
(2) BCUA audit.
(3) Bergen County Debt Statement December 31, 2009

EXHIBIT J-13

OLD TAPPAN BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST SEVEN FISCAL YEARS
(Unaudited)

	Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
Debt Limit	$ 32,910,814	$ 37,002,327	$ 41,846,600	$ 47,992,241	$ 53,209,329	56,848,700	$ 57,454,485
Total Net Debt Applicable To Limit	9,440,000	9,395,000	8,800,000	8,175,000	7,560,000	6,925,000	6,245,000
Legal Debt Margin	$ 23,470,814	$ 27,607,327	$ 33,046,600	$ 39,817,241	$ 45,649,329	$ 49,923,700	$ 51,209,485
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	28.68%	25.39%	21.03%	17.03%	14.21%	12.18%	10.87%

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized Valuation Basis	
2009	$1,895,052,878
2008	1,950,121,125
2007	1,900,274,530
Average Equalized Valuation Of Taxable Property	$1,915,149,511
Debt Limit (3% of Average Equalization Value)	57,454,485
Total Net Debt Applicable to Limit	6,245,000
Legal Debt Margin	$ 51,209,485

Source: Annual Debt Statements

OLD TAPPAN BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)

Year Ended December 31,	Unemployment Rate	Per Capita Income	Population
2000	1.3	$ 51,467	5,502
2001	1.6	52,102	5,573
2002	2.2	51,931	5,660
2003	2.1	51,291	5,751
2004	1.7	54,669	5,787
2005	2.9	56,963	5,805
2006	3.1	63,021	5,884
2007	2.8	67,113	5,958
2008	3.6	67,696	5,996
2009	6.5	N/A	6,054

Source: New Jersey Department of Labor, Bergen County
United States Bureau of Census
School District Records

EXHIBIT J-15

OLD TAPPAN BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2010		2001	
Employer	**Employees**	**Percentage of Total Municipal Employment**	**Employees**	**Percentage of Total Municipal Employment**
Old Tappan Board of Education				
A & P Food Store				
Sunrise of Old Tappan				
Charlie Brown's Steakhouse		**INFORMATION NOT AVAILABLE**		
Ma Tov Day Camp Inc				
Old Tappan Borough Hall				
Kinder Care Learning Ctr				
Creative Minds Montesorri				
	-	N/A	-	0.00%

Source: Bureau of Labor Market Information - NJ Dept. of Labor & Workforce Dev

N/A Not Available

EXHIBIT J-16

OLD TAPPAN BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction										
Regular	53.0	59.0	63.0	62.0	59.0	60.0	60.0	59.6	59.1	61.0
Special education	6.0	6.0	8.0	9.0	9.0	9.5	9.5	11.5	12.6	12.6
Other special education	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.5	5.5	5.5
Other instruction	4.5	5.0	8.0	8.0	9.0	10.5	14.0	15.0	14.0	14.0
Support Services:										
Student & instruction related services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
General administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
School administrative services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Other administrative services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Central Services										
Administrative Information Technology	2.0	2.0	2.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant Operation and Maintenance							5.0	5.0	5.0	5.0
Pupil Transportation										
Other Support Services							2.0	2.0	1.4	1.4
Total	85	91	100	100	97	100	110.5	113.6	112.6	114.5

Source: District Personnel Records

Notes:
Special education = Special Education teachers
Other special education = Child Study Team, Speech and CST Secretary
Other instruction = Teacher aides

Student & instruction related services = Guidance and Nurses
General administrative services = CSA, CSA Secretary and Treasurer
School administrative services = Principals and School Secretaries
Other administrative services = SBA and Business Office
Administrative Information Technology = Technology Employees

EXHIBIT J-17

OLD TAPPAN BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Enrollment [a]	Operating Expenditures [b]	Cost Per Pupil [c]	Percentage Change	Teaching Staff	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2001	750.0	7,432,281	9,910	11.55%	75.0	750.0	721.4	0.40%	96.19%
2002	794.1	7,869,581	9,910	0.00%	77.0	794.1	758.8	5.88%	95.55%
2003	808.9	8,665,925	10,713	8.10%	79.0	808.9	782.9	1.86%	96.79%
2004	816.3	9,339,007	11,441	6.79%	79.0	816.3	775.5	0.91%	95.00%
2005	821.3	9,690,603	11,799	3.13%	80.0	821.3	793.1	0.61%	96.57%
2006	855.0	10,224,192	11,958	1.35%	81.0	855.0	825.2	4.10%	96.51%
2007	879	10,845,677	12,346	3.24%	83.5	878.5	846.1	2.75%	96.31%
2008	866	11,542,045	13,328	7.96%	83.5	867.0	835.8	-1.31%	96.40%
2009	868	11,947,987	13,765	3.28%	83.5	865.7	835.8	-1.31%	96.55%
2010	886	12,662,083	14,291	7.23%	82.6	871.7	842.8	0.84%	96.68%

Sources: District records

Note:
a Enrollment based on annual October district count.
b Operating expenditures equal total expenditures less debt service and capital outlay.
c Cost per pupil represents operating expenditures divided by enrollment.

EXHIBIT J-18

OLD TAPPAN BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
District Building										
Elementary										
T. Baldwin Demarest (1964)										
Square Feet	59,570	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270	59,270
Capacity (students)	407	407	407	407	407	407	407	407	407	407
Enrollment	N/A	N/A	444	442	455	451	459	439	452	440
Middle School										
Charles DeWolf (1927)										
Square Feet	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896	65,896
Capacity (students)	426	426	426	426	426	426	426	426	426	426
Enrollment	N/A	N/A	364	372	374	418	420	427	409	433

Source: District Records

N/A - Not Available

OLD TAPPAN BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(Unaudited)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
School Facilities										
T.Baldwin Demarest School	$ 63,749	$ 62,142	$ 86,990	$ 95,379	$ 109,962	$ 131,237	$ 107,569	$ 112,640	$ 117,057	$ 94,839
Charles DeWolf School	60,261	56,869	80,342	115,310	104,461	126,090	97,032	102,061	130,436	104,313
Grand Total	$ 124,010	$ 119,011	$ 167,332	$ 210,689	$ 214,423	$ 257,327	$ 204,601	$ 214,701	$ 247,493	$ 199,152

OLD TAPPAN BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2010
(Unaudited)

	Coverage	Deductible
NESBIG		
Commercial Package Policy	$ 50,000,000	
Flood / Earthquake	5,000,000	$ 50,000
General Liability	2,000,000	1,000
Automobile Liability	1,000,000	250
Contractors Equipment	250,000	1,000
Employee Dishonesty	100,000	5,000
Catastrophe Liability	5,000,000	
Boiler & Machinery	100,000,000	5,000
Ohio Insurance Company		
Treasurer	200,000	

Source: School District's Records

SINGLE AUDIT SECTION

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

Honorable President and Members
of the Board of Trustees
Old Tappan Board of Education
Old Tappan, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Old Tappan Board of Education as of and for the fiscal year ended June 30, 2010, which collectively comprise the Old Tappan Board of Education's basic financial statements and have issued our report thereon dated October 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Old Tappan 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 Old Tappan Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Old Tappan Board of Education's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Old Tappan Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

However, we noted certain matters that we have reported to management of the Old Tappan Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 18, 2010.

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

Lerch, Vinci & Higgins, LLP

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

Gary J. Vinci

Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 18, 2010

LERCH, VINCI & HIGGINS, LLP

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

Honorable President and Members
of the Board of Trustees
Old Tappan Board of Education
Old Tappan, New Jersey

Compliance

We have audited the Old Tappan Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Old Tappan Board of Education's major state programs for the fiscal year ended June 30, 2010. Old Tappan Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Old Tappan Board of Education's management. Our responsibility is to express an opinion on Old Tappan Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Old Tappan 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 Old Tappan Board of Education's compliance with those requirements.

In our opinion, Old Tappan Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

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

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

Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 18, 2010

EXHIBIT K-3

OLD TAPPAN BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2009 Deferred Revenue	Balance, June 30, 2009 (Accounts Receivable)	Balance, June 30, 2009 Due to Grantor	Cash Received	Budgetary Expenditures	Paid to Grantor	June 30, 2010 Deferred Revenue	June 30, 2010 Accounts Receivable	June 30, 2010 Due to Grantor
U.S. Department of Agriculture Passed-Through State Department of Education													
Enterprise Fund													
National School Lunch Program	10.556	N/A	7/1/09-6/30/10	$ 3,737				$ 3,389	$ 3,737			$ (348)	
National School Lunch Program	10.556	N/A	7/1/08-6/30/09	5,250	-	$ (472)	-	472	-	-	-	-	-
Total Enterprise Fund					-	(472)	-	3,861	3,737	-	-	(348)	-
U.S. Department of Education Passed-Through State Department of Education													
Special Revenue Fund													
I.D.E.A. Part B, Basic	84.027	IDEA385010	9/1/09-8/31/10	143,596				143,596	143,596				
I.D.E.A. Part B, Preschool	84.173	IDEA385010	9/1/09-8/31/10	12,233				12,233	12,233				
ARRA - IDEA Part B	84.391	ARRA385010	9/1/09-8/31/11	174,142				109,029	110,486			(1,457)	
ARRA - Preshool Grants	84.392	ARRA385010	9/1/09-8/31/11	6,304				5,123	5,123				
NVR Consolidated													
Title II A, Carryover	84.281	NCLB385009	9/1/08-8/31/09	2,200			$ 220		220	$ 220		(220)	
Title III	84.365	NCLB385010	9/1/09-8/31/10	18,577				18,577	18,577				
Title III, Carryover	84.365	NCLB385009	9/1/08-8/31/09	15,663			6,257		6,257	6,257		(6,257)	
Title IV	84.184	NCLB385010	9/1/09-8/31/10	796				796	796				
Title IV, Carryover	84.184	NCLB385009	9/1/08-8/31/09	350	-	-	350	-	350	350	-	(350)	-
Total Special Revenue Fund					-	-	6,827	289,354	297,638	6,827	-	(8,284)	-
Total Federal Financial Awards					$ -	$ (472)	$ 6,827	$ 293,215	$ 301,375	$ 6,827	$ -	$ (8,632)	$ -

Note - This schedule is not subject to a federal single audit.

See Accompanying Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

OLD TAPPAN BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2009 Deferred Revenue	Balance, June 30, 2009 (Accounts Receivable)	Cash Received	Budgetary Expenditures	June 30, 2010 Deferred Revenue	June 30, 2010 (Accounts Receivable)	Memo GAAP Receivable	Memo Cumulative Total Expenditures
State Department of Education											
General Fund											
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	$ 39,643			$ 33,570	$ 39,643		$ (6,073)		$ 39,643
Transportation Aid	09-495-034-5120-014	7/1/08-6/30/09	53,920		$ (4,952)	4,952					
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	290,196			245,569	290,196		(44,627)		290,196
Special Education Aid	09-495-034-5120-089	7/1/08-6/30/09	453,190		(42,096)	42,096					
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	42,489			35,901	42,489		(6,588)		42,489
Security Aid	09-495-034-5120-084	7/1/08-6/30/09	26,898		(2,476)	2,476					
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	187,899				187,899		(187,899)		187,899
Extraordinary Aid	09-100-034-5120-473	7/1/08-6/30/09	179,595		(179,595)	179,595					
Additional Non-Public Transportation Aid	N/A	7/1/09-6/30/10	6,765				6,765		(6,765)	$ (6,765)	6,765
Additional Non-Public Transportation Aid	N/A	7/1/08-6/30/09	8,560		(8,560)	8,560					
On-Behalf TPAF Non-Contributory Insurance	10-495-034-5095-007	7/1/09-6/30/10	19,073			19,073	19,073				19,073
On Behalf TPAF Post Retirement Medical Cont.	10-495-034-5095-001	7/1/09-6/30/10	358,211			358,211	358,211				358,211
Reimbursed TPAF Soc. Security Contribution	10-495-034-5095-002	7/1/09-6/30/10	449,526			449,526	449,526				449,526
Distance Learning Network Aid				$ 2,589	-	-	-	$ 2,589	-	-	-
Total General Fund				2,589	(237,679)	1,379,529	1,393,802	2,589	(251,952)	(6,765)	1,393,802
Debt Service Fund											
Debt Service Aid	10-495-034-5120-017	7/1/09-6/30/10	208,760	-	-	208,760	208,760	-	-	-	208,760
Total State Financial Assistance				$ 2,589	$ (237,679)	1,588,289	1,602,562	$ 2,589	$ (251,952)	$ (6,765)	1,602,562
State Financial Assistance Not Subject to Single Audit Determination											
General Fund											
On Behalf TPAF Pension System Contributions (Non-Contributory Insurance)						(19,073)	(19,073)				(19,073)
On-Behalf TPAF Pension System Contribution (Post Retirement Medical)						(358,211)	(358,211)				(358,211)
Total State Financial Assistance Subject to Single Audit						$ 1,211,005	$ 1,225,278				$ 1,225,278

See Accompanying Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Old Tappan Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a reduction of $16,068 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	Federal	State	Total
General Fund		$ 1,377,734	$ 1,377,734
Special Revenue Fund	$ 297,638		297,638
Debt Service Fund		208,760	208,760
Food Service Fund	3,737	-	3,737
Total Financial Assistance	$ 301,375	$ 1,586,494	$ 1,887,869

OLD TAPPAN BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of $449,526 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2010. The amount reported as TPAF Pension System Contributions in the amount of $19,073 and TPAF Post-Retirement Medical Benefits Contributions in the amount of $358,211 represents the amount paid by the State on behalf of the District for the year ended June 30, 2010.

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

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

OLD TAPPAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued on financial statements: Unqualified

Internal control over financial reporting:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to the basic financial statements noted? _____ yes X no

State Awards Section

Internal Control over major programs:

Dollar threshold used to determine Type A programs: $300,000

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

Type of auditors' report on compliance for major programs: Unqualified

Internal Control over eompliance:

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

2) Were significant deficieny(ies) identified that were not considered to be material weaknesses? _____ yes X no

Any audit findings disclosed that are required to be reported in accordanee with N.J. Circular Letter 04-04? _____ yes X no

Identification of major state programs:

GMIS Number(s)	Name of State Program
10-495-034-5120-089	Special Education Aid
10-495-024-5120-084	Security Aid
10-495-034-5095-002	Reim. TPAF Soc. See. Contributioı

Federal Awards Section

Not subject to Federal Single Audit.

EXHIBIT K-6

OLD TAPPAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards.*

There are none.

OLD TAPPAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

OLD TAPPAN BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

CURRENT YEAR STATE AWARDS

There are none.

OLD TAPPAN BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

STATUS OF PRIOR YEAR FINDINGS

THERE ARE NONE.