

FLORHAM PARK BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Florham Park, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Florham Park Board of Education

Florham Park, New Jersey

For The Fiscal Year Ended June 30, 2015

Prepared by

Business Office

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INTRODUCTORY SECTION



Florham Park Public Schools

ADMINISTRATIVE OFFICES

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

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973-822-0867 Superintendent FAX

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Superintendent of Schools
melissa.varley@fpks.org

JOHN CSATLOS, C.P.A.
Business Administrator/Board Secretary
john.csatlos@fpks.org

November 23, 2015

Members of the Board of Education
Florham Park Public Schools
67 Ridgedale Ave.
Florham Park, NJ 07932

Dear Board Members:

The comprehensive annual financial report of the Florham Park Board of Education (the Board or District) for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the respective changes in financial position of the 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. The District's MD&A can be found immediately following the "Independent Auditor's Report".

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

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Office of Management and Budget Circular A-133. "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular OMB 15-08. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular and special education for handicapped youngsters. The District completed FY 2014/2015 with an average daily enrollment of 990. The following Average Daily Enrollment figures, reported in the School Summary Register, details the changes in student enrollment over the last ten (10) years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2014/15	990	-1.30%
2013/14	1,003	-0.79%
2012/13	1,011	-0.10%
2011/12	1,012	-1.36%
2010/11	1,026	-1.06%
2009/10	1,037	0.88%
2008/09	1,028	-0.19%
2007/08	1,030	3.21%
2006/07	998	0.50%
2005/06	993	2.90%

2. ECONOMIC CONDITION AND OUTLOOK

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

3. MAJOR INITIATIVES

The District continues to meet its educational challenges, through a series of ambitious curriculum reviews based on the Long Range Curriculum Plan, which must be completed to maintain educational integrity. The curriculum reviews are in the areas of environmental education, mathematics, health education, technology, social studies, and science.

In order to maintain dialogue with the staff, in service training in the curriculum areas are offered to staff year round. The district also continues to offer technology staff training during the school day, as well as after-school hours and summer recess. The Quality School Assurance Continuum addresses this area.

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

The District received State of New Jersey approval to undertake two capital projects at the Ridgedale Middle School identified previously in the District's Long Range Facility Plan. The Ridgedale Middle

School completed replacement of gutters and cornice and will shortly complete, windows and exterior doors under the approved projects. These projects were also approved by the School Development Authority for ROD Grant funding. Furthermore the district will shortly complete an emergency project to replace the main HVAC unit to the Ridgedale Middle School Auditorium.

4. INTERNAL ACCOUNTING CONTROLS

As a recipient of Federal and State financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by District management and the auditor.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal and State financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the general fund, special revenue fund and debt service fund. The final budget amount as amended for FY 2014/2015 is reflected in the budgetary comparison schedules of the required supplementary information.

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assigned fund balance at June 30, 2015.

6. ACCOUNTING SYSTEM AND REPORTS

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

7. DEBT ADMINISTRATION

At June 30, 2015 the District had \$6,980,000 in General Obligation Bonds outstanding. The proceeds of these bonds were used to provide funds for major capital improvements, to the District's buildings and grounds. These improvements include additions and various renovations in all three (3) of the District's school buildings.

8. CASH MANAGEMENT

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

law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT

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

10. OTHER INFORMATION

Independent Audit – State statute requires an annual audit by independent certified public accountants or registered municipal accounts. The Board's Finance Committee selected the accounting firm of Lerch Vinci & Higgins, LLP, CPA's. In addition to meeting the requirements as set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related OMB Circular A-133 and State Treasury Circular Letter OMB 15-08.

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

11. ACKNOWLEDGEMENTS

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

Respectfully submitted,

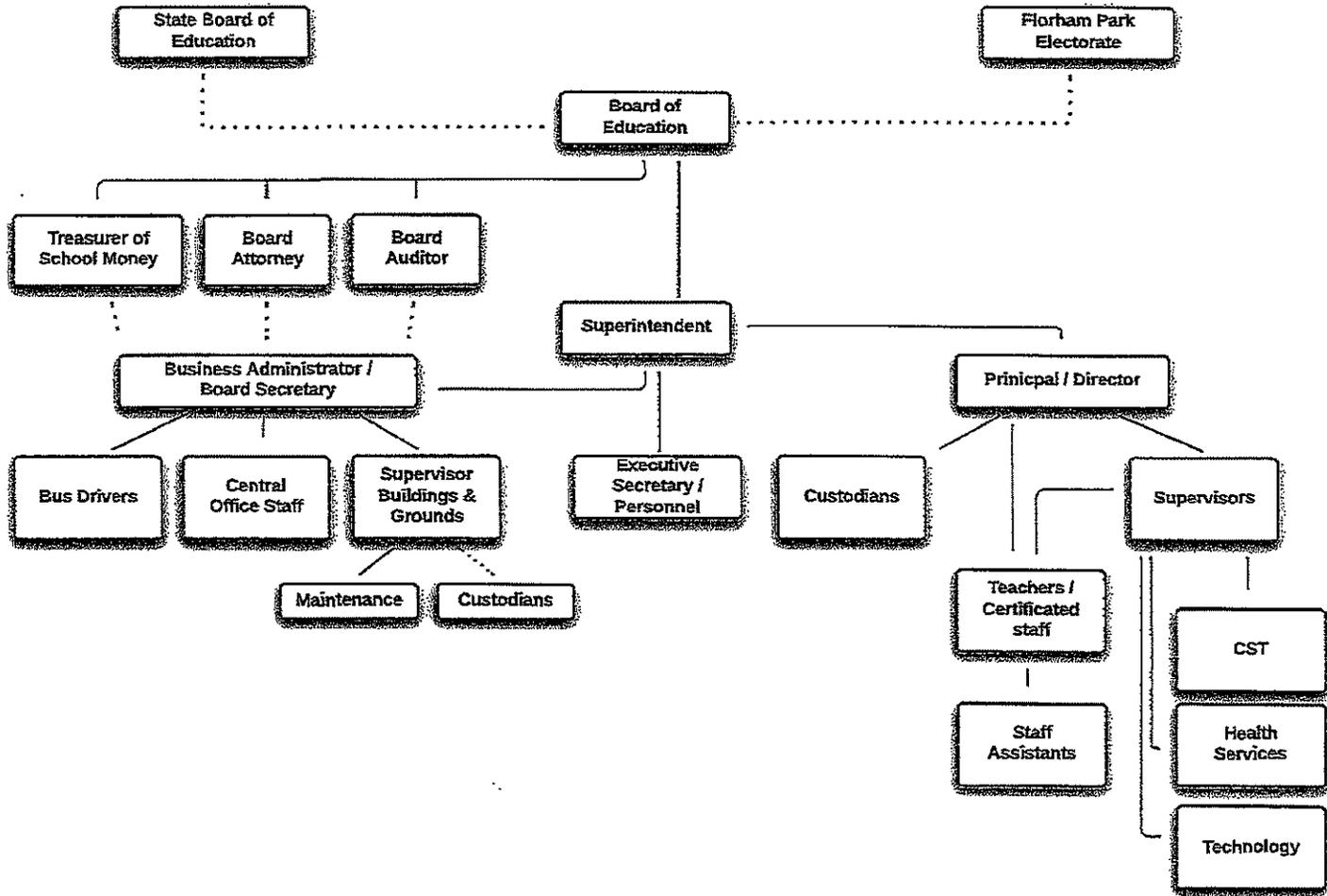


Melissa Varley
Superintendent of Schools



John R. Csatlos
Business Administrator/Board Secretary

**FLORHAM PARK BOARD OF EDUCATION
ORGANIZATIONAL CHART**



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FLORHAM PARK BOARD OF EDUCATION

FLORHAM PARK, NJ

ROSTER OF OFFICIALS

JUNE 30, 2015

Members of the Board of Education

Term Expires

Kevin DeCoursey, President	2016
John Carollo, Vice President	2016
John Gaffney	2015
Marianne Haynes	2016
Alita Thomas	2017
Linda Michalowski	2015
Kristina Heinold	2017

Other Officials

Flavio Rubano, Interim Superintendent

John R. Csatlos, Business Administrator/Board Secretary

Raymond G. Karaty, Treasurer

FLORHAM PARK BOARD OF EDUCATION

FLORHAM PARK, NEW JERSEY

CONSULTANTS AND ADVISORS

ATTORNEY

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AUDIT FIRM

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ARCHITECTS

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

OFFICIAL DEPOSITORY

Valley National Bank
Florham Park, New Jersey 07932

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Florham Park Board of Education, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Florham Park Board of Education as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Florham Park Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Florham Park Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Florham Park Board of Education.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

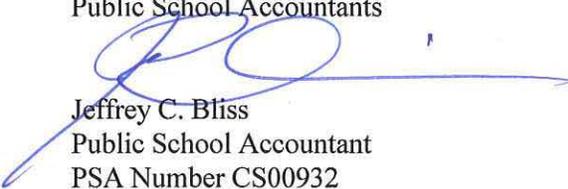
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2015 on our consideration of the Florham Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Florham Park Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 23, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

As management of the Florham Park Board of Education (the Board or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Florham Park Board of Education for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-2015 fiscal year include the following:

- The assets and deferred outflows of the Florham Park Board of Education exceeded its liabilities and deferred inflows at the close of the fiscal year by \$4,875,190. (Net Position)
- The District's total net position increased by \$1,157,067.
- Overall District revenues were \$22,057,663. General revenues accounted for \$17,297,246 or 78% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,760,417 or 22% of total revenues.
- The school district had \$20,884,548 in expenses for governmental activities; only \$4,749,294 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$17,297,246 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,889,828. Of this amount, \$249,176 (13%) is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2015 was \$1,471,761, an increase of \$128,384 compared to the ending fund balance at June 30, 2014 of \$1,343,377.
- The General Fund unassigned budgetary fund balance at June 30, 2015 was \$334,726, which represents a decrease of \$146,206 compared to the ending unassigned budgetary fund balance at June 30, 2014 of \$480,932.
- The District's total outstanding long-term liabilities decreased by \$1,201,230 during the current fiscal year.

FLORHAM PARK BOARD OF EDUCATION

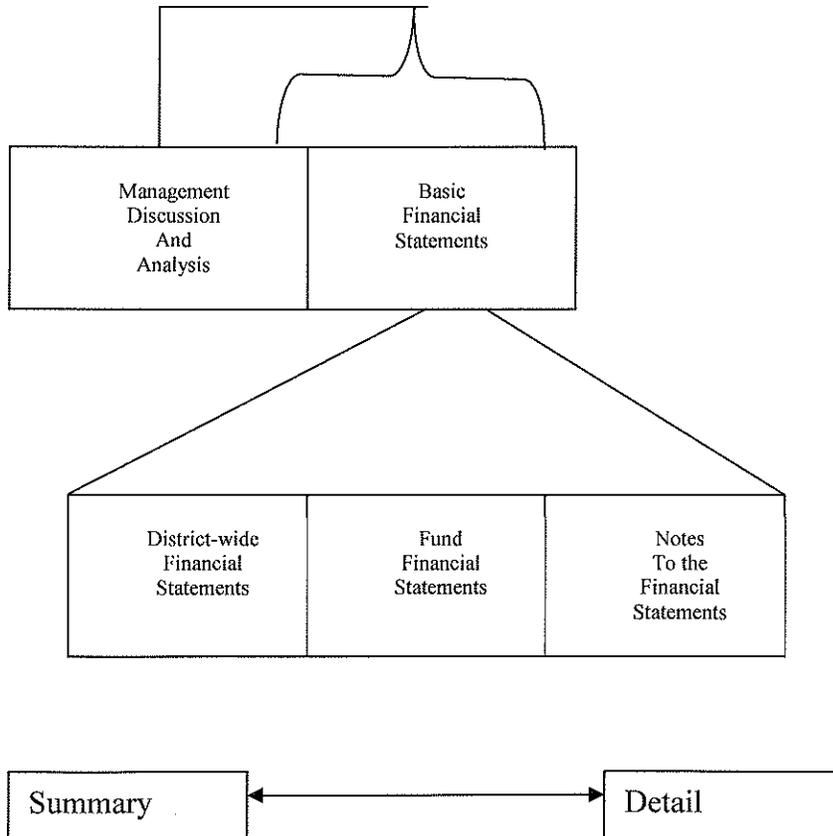
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following shows how the various parts of this Annual Report are arranged and related to one another.



FLORHAM PARK BOARD OF EDUCATION

Management’s Discussion and Analysis
Fiscal Year Ended June 30, 2015

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

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

The two district-wide statements report the District’s *net position* and how it has changed. Net position – the difference between the District’s assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District’s financial health or *position*.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

- Over time, increases or decreases in the District's net position is an indicator of whether its financial condition is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and plant operation and maintenance. Property taxes and Federal and State aid finance most of these activities.
- *Business type activities* – These are activities for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service operations is included under this category.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds* – focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial resources* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
 - *Enterprise Fund* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has one enterprise fund, for its food service (cafeteria) program.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

Fund Financial Statements (Continued)

• *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets and other resources that belong to others. The District is responsible for ensuring that the assets and other resources reported in these funds are used only for their intended purposes and by those to whom they belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position was \$4,875,190 and \$3,718,123 on June 30, 2015 and 2014, respectively as follows:

	Net Position As of June 30, 2015 and 2014					
	Governmental Activities		Business- Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current Assets	\$ 2,923,843	\$ 2,522,474			\$ 2,923,843	\$ 2,522,474
Capital Assets	15,220,696	15,038,538	\$ 13,556	\$ 15,366	15,234,252	15,053,904
Total Assets	<u>18,144,539</u>	<u>17,561,012</u>	<u>13,556</u>	<u>15,366</u>	<u>18,158,095</u>	<u>17,576,378</u>
Total Deferred Outflows of Resources	<u>426,688</u>	<u>338,445</u>	<u>-</u>	<u>-</u>	<u>426,688</u>	<u>338,445</u>
Total Assets and Deferred Outflows of Resources	<u>18,571,227</u>	<u>17,899,457</u>	<u>13,556</u>	<u>15,366</u>	<u>18,584,783</u>	<u>17,914,823</u>
Long-Term Liabilities	12,085,026	13,286,256			12,085,026	13,286,256
Other Liabilities	1,172,480	910,444	-	-	1,172,480	910,444
Total Liabilities	<u>13,257,506</u>	<u>14,196,700</u>	<u>-</u>	<u>-</u>	<u>13,257,506</u>	<u>14,196,700</u>
Total Deferred Inflows of Resources	<u>452,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>452,087</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>13,709,593</u>	<u>14,196,700</u>	<u>-</u>	<u>-</u>	<u>13,709,593</u>	<u>14,196,700</u>
Net Position						
Net Investment in Capital Assets	8,233,539	7,319,911	13,556	15,366	8,247,095	7,335,277
Restricted	1,087,822	1,119,301			1,087,822	1,119,301
Unrestricted	(4,459,727)	(4,736,455)	-	-	(4,459,727)	(4,736,455)
Total Net Position	<u>\$ 4,861,634</u>	<u>\$ 3,702,757</u>	<u>\$ 13,556</u>	<u>\$ 15,366</u>	<u>\$ 4,875,190</u>	<u>\$ 3,718,123</u>

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position represents amounts reserved for specific purposes by outside parties or state laws and regulations. Unrestricted net position represents amounts available to the government that are neither restricted nor invested in capital assets.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

The District's total net position of \$4,875,190 at June 30, 2015 represents a \$1,157,067 or 31%, increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2015 and 2014.

Change in Net Position For The Fiscal Years Ended June 30, 2015 and 2014

	Governmental		Business-		Total	
	Activities		Type			
	2015	2014	2014	2015	2015	2014
Revenues						
Program Revenues						
Charges for Services	\$ 259,551	\$ 300,552	\$ 11,123	\$ 12,193	\$ 270,674	\$ 312,745
Operating Grants and Contributions	4,202,090	2,251,981			4,202,090	2,251,981
Capital Grants and Contributions	287,653	41,812			287,653	41,812
General Revenues						
Property Taxes	17,135,484	16,670,804			17,135,484	16,670,804
Other	161,762	64,551	-	-	161,762	64,551
Total Revenues	<u>22,046,540</u>	<u>19,329,700</u>	<u>11,123</u>	<u>12,193</u>	<u>22,057,663</u>	<u>19,341,893</u>
Expenses						
Instruction						
Regular	8,124,418	6,839,702			8,124,418	6,839,702
Special Education	3,320,865	3,057,821			3,320,865	3,057,821
Other Instruction	119,197	243,694			119,197	243,694
School Sponsored Activities and Athletics	172,524	174,848			172,524	174,848
Support Services						
Student and Instruction Related Services	3,117,108	2,792,544			3,117,108	2,792,544
General Administrative Services	587,964	477,445			587,964	477,445
School Administrative Services	1,020,387	987,638			1,020,387	987,638
Central Administrative Services	536,395	407,775			536,395	407,775
Plant Operations and Maintenance	2,578,129	2,498,158			2,578,129	2,498,158
Pupil Transportation	1,006,013	1,035,975			1,006,013	1,035,975
Interest on Debt	301,548	322,926			301,548	322,926
Food Services	-	-	16,048	14,325	16,048	14,325
Total Expenses	<u>20,884,548</u>	<u>18,838,526</u>	<u>16,048</u>	<u>14,325</u>	<u>20,900,596</u>	<u>18,852,851</u>
Increase (Decrease) in Net Position Before Transfers	1,161,992	491,174	(4,925)	(2,132)	1,157,067	489,042
Transfers	<u>(3,115)</u>	<u>(322)</u>	<u>3,115</u>	<u>322</u>	-	-
Increase (Decrease) in Net Position	1,158,877	490,852	(1,810)	(1,810)	1,157,067	489,042
Net Position, Beginning of Year	3,702,757	8,155,588	15,366	17,176	3,718,123	8,172,764
Prior Period Adjustment	-	<u>(4,943,683)</u>	-	-	-	<u>(4,943,683)</u>
Net Position, End of Year	<u>\$ 4,861,634</u>	<u>\$ 3,702,757</u>	<u>\$ 13,556</u>	<u>\$ 15,366</u>	<u>\$ 4,875,190</u>	<u>\$ 3,718,123</u>

FLORHAM PARK BOARD OF EDUCATION

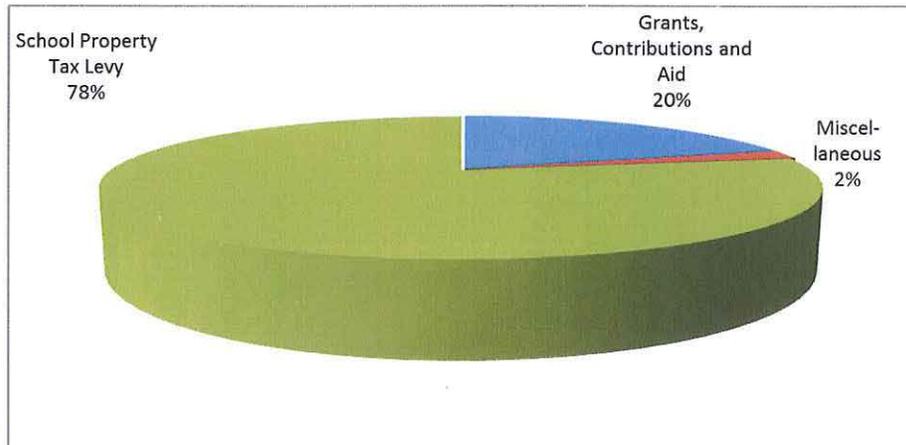
Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$22,046,540 for the fiscal year ended June 30, 2015, property taxes of \$17,135,484 represented 78% of revenues. Another significant portion of revenues came from grants and contributions which totaled \$4,489,743 and represented 20% of revenues. In addition, charges for services from tuition and transportation fees and general revenue from miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 2% of revenues.

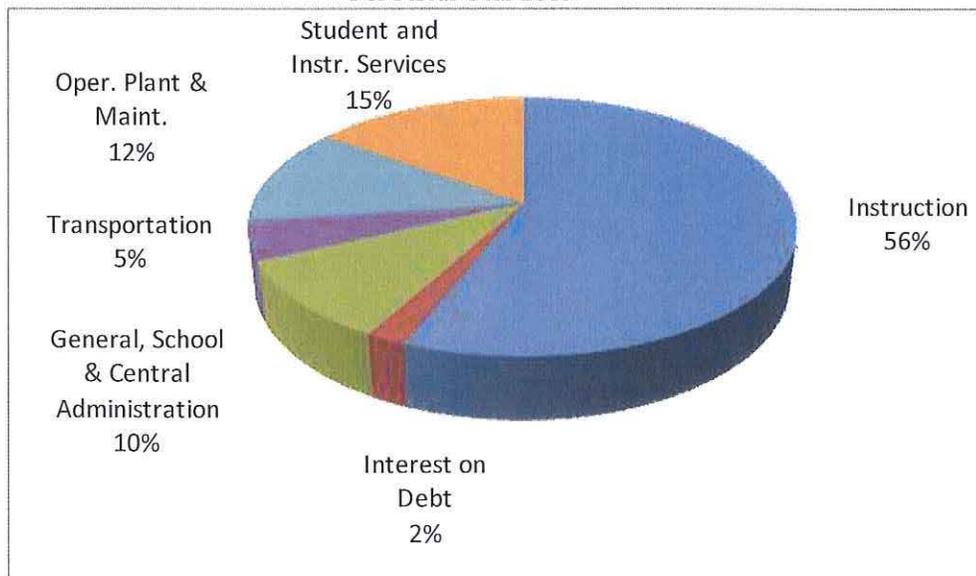
The total cost of all governmental activities programs and services was \$20,884,548 for the fiscal year ended June 30, 2015. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$11,737,004 (56%) of total expenses. Support services costs were \$8,845,996 (42%) of total expenses and interest on debt totaled \$301,548 (2%) of total expenses.

For fiscal year 2015, total governmental activities revenues exceeded expenses and transfers out increasing net position for governmental activities by \$1,158,877 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2015



Expenses by Use – Governmental Activities
For Fiscal Year 2015



FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

Total and Net Cost of Governmental Activities. The District's total cost of services was \$20,884,548. After applying program revenues, derived from operating and capital grants and contributions of \$4,489,743, and charges for services of \$259,551, the net cost of services of the District is \$16,135,254 for the fiscal year ended June 30, 2015.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2015 and 2014**

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction				
Regular	\$ 8,124,418	\$ 6,839,702	\$ 6,117,074	\$ 5,935,186
Special Education	3,320,865	3,057,821	1,889,923	1,980,330
Other Instruction	119,197	243,694	76,615	204,758
School Sponsored Activities and Athletics	172,524	174,848	172,524	174,848
Support Services				
Student and Instruction Related Services	3,117,108	2,792,544	2,561,110	2,526,755
General Administrative Services	587,964	477,445	587,964	477,445
School Administrative Services	1,020,387	987,638	843,835	902,750
Central Services	536,395	407,775	474,804	382,558
Plant Operations and Maintenance	2,578,129	2,498,158	2,275,489	2,443,863
Pupil Transportation	1,006,013	1,035,975	834,368	892,762
Interest on Debt	301,548	322,926	301,548	322,926
Total	\$ 20,884,548	\$ 18,838,526	\$ 16,135,254	\$ 16,244,181

Business-Type Activities – The District's total business-type activities revenues were \$11,123 for the fiscal year ended June 30, 2015. Charges for services accounted for 100% of total revenues.

Total cost of all business-type activities programs and services was \$16,048 for the fiscal year ended June 30, 2015.

There were transfers of \$3,115 from governmental activities during the year.

For fiscal year 2015, total business-type activities expenses exceeded revenues and transfers in decreasing net position by \$1,810 from the previous year.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$1,889,828 at June 30, 2015, an increase of \$129,295 from last year's fund balance of \$1,760,533. This increase was mainly attributable to revenues which exceeded budget estimates as well as expenditures which were less than amounts budgeted for the 2014/2015 school year.

Revenues for the District's governmental funds were \$20,329,208, while total expenditures were \$20,196,798 for the fiscal year ended June 30, 2015.

GENERAL FUND

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

The following schedule presents a summary of General Fund Revenues.

	<u>Fiscal Year Ended</u>		Amount of Increase (Decrease)	Percent Change
	<u>June 30, 2015</u>	<u>June 30, 2014</u>		
Local Sources				
Property Taxes	\$ 16,092,428	\$ 15,629,073	\$ 463,355	3%
Other	412,449	365,103	47,346	13%
State Sources	<u>2,145,048</u>	<u>1,920,537</u>	<u>224,511</u>	12%
 Total General Fund Revenues	 <u>\$ 18,649,925</u>	 <u>\$ 17,914,713</u>	 <u>\$ 735,212</u>	 4%

For fiscal year 2015, total General Fund revenues increased \$735,212 or 4% from the previous year. Property taxes increased \$463,355 or 3% to support increases in operating costs. As indicated, State aid increased \$224,511 or 12% mainly due to increases in on behalf TPAF pension and post retirement medical benefit payments.

The following schedule presents a summary of General Fund expenditures.

	<u>Fiscal Year Ended</u>		Amount of Increase (Decrease)	Percent Change
	<u>June 30, 2015</u>	<u>June 30, 2014</u>		
Instruction	\$ 10,203,930	\$ 10,056,270	\$ 147,660	1%
Support Services	7,729,742	7,437,877	291,865	4%
Capital Outlay	<u>152,364</u>	<u>162,707</u>	<u>(10,343)</u>	-6%
 Total Expenditures	 <u>\$ 18,086,036</u>	 <u>\$ 17,656,854</u>	 <u>\$ 429,182</u>	 2%

For fiscal year 2015, total General Fund expenditures increased \$429,182 or 2% from the previous year. Notable increases during the year were attributed to increases in regular education costs, legal costs and employee benefit costs.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2015

GENERAL FUND (Continued)

In fiscal year 2015 General Fund revenues exceeded expenditures and other financing uses by \$128,384. Therefore, total fund balance increase to \$1,471,761 at June 30, 2015. After deducting restricted and assigned fund balances, the unassigned fund balance decreased from \$281,944 at June 30, 2014 to \$249,176 at June 30, 2015. In addition, the District designated fund balance of \$85,288 at year end for use in the subsequent school year's budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2015, the District had \$15,220,696 invested in land, buildings, furniture, equipment and vehicles for governmental activities. Depreciation charges for fiscal year 2014-2015 amounted to \$689,338 for governmental activities. The following is a comparison of the June 30, 2015 and 2014 balances:

Capital Assets		Governmental Activities	
as of June 30, 2015 and 2014		<u>2015</u>	<u>2014</u>
Land	\$	1,156,663	\$ 1,156,663
Construction in Progress		167,351	98,190
Land Improvements		1,369,190	1,369,190
Buildings and Building Improvements		23,331,877	22,650,983
Machinery and Equipment		<u>2,462,419</u>	<u>2,340,978</u>
		28,487,500	27,616,004
Less Accumulated Depreciation		<u>(13,266,804)</u>	<u>(12,577,466)</u>
Total		<u>\$ 15,220,696</u>	<u>\$ 15,038,538</u>

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

LONG TERM LIABILITIES

At June 30, 2015 the District had \$12,085,026 of total outstanding long term liabilities. Of this amount, \$7,267,959 is for serial bonds, \$177,726 is for compensated absences and \$4,639,341 is for the District's net pension liability. For fiscal year 2014-2015 total outstanding long-term liabilities decreased by \$1,201,230. The following is a comparison of the June 30, 2015 and 2014 balances:

Outstanding Long-Term Debt		Governmental Activities	
as of June 30, 2015 and 2014		<u>2015</u>	<u>2014</u>
Serial Bonds (Including Original Issue Premium)	\$	7,267,959	\$ 8,057,072
Compensated Absences		177,726	285,501
Net Pension Liability		<u>4,639,341</u>	<u>4,943,683</u>
Total		<u>\$ 12,085,026</u>	<u>\$ 13,286,256</u>

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

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories"

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reinstating prior year purchase orders being carried over as an encumbrance.
- Increases in appropriations for significant unbudgeted costs.

Revisions in the budget were made through budget transfers to prevent over expenditures in specific line item accounts. The District also appropriated additional unassigned fund balance to the budget during the year for unbudgeted items. Other revisions to the budget during the year were the reappropriation of prior year encumbrances.

For fiscal year 2015 General Fund budgetary revenues exceeded budgetary expenditures and other financing uses increasing budgetary fund balance by \$14,946 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance decreased \$146,206, from \$480,932 at June 30, 2014 to \$334,726 at June 30, 2015. In addition, the District decreased its capital reserve \$32,390 from \$702,145 at June 30, 2014 to \$669,755 at June 30, 2015.

FACTORS BEARING ON THE DISTRICT'S FUTURE

While many factors influence the district's future, the availability of funding for increased enrollment, staffing needs and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the District's administration during the process of developing the fiscal year 2015-2016 budget. The primary factors were the District's projected student population, anticipated state and federal aid, increasing salary and related benefit costs as well as special education costs.

These indicators were considered when adopting the budget for fiscal year 2015-2016. Budgeted expenditures in the General Fund decreased approximately 1% to \$17,278,883 for fiscal year 2015-2016. Overall contractual salary requirements remained relatively unchanged, a decrease in capital outlay appropriations was the main factor for the decrease in the 2015-2016 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

FLORHAM PARK BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,514,452		\$ 2,514,452
Receivables, net	409,391		409,391
Capital Assets, Not Being Depreciated	1,324,014		1,324,014
Capital Assets, Being Depreciation, Net	13,896,682	\$ 13,556	13,910,238
Total Assets	18,144,539	13,556	18,158,095
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	280,802		280,802
Deferred Amounts on Net Pension Liability	145,886	-	145,886
Total Deferred Outflows of Resources	426,688	-	426,688
Total Assets and Deferred Outflows of Resources	18,571,227	13,556	18,584,783
LIABILITIES			
Accounts Payable and Other Current Liabilities	730,108		730,108
Payable to Other Governments	10,618		10,618
Accrued Interest Payable	138,465		138,465
Unearned Revenue	293,289		293,289
Noncurrent Liabilities			
Due Within One Year	1,008,048		1,008,048
Due Beyond One Year	11,076,978	-	11,076,978
Total Liabilities	13,257,506	-	13,257,506
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	452,087	-	452,087
Total Deferred Inflows of Resources	452,087	-	452,087
Total Liabilities and Deferred Inflows of Resources	13,709,593	-	13,709,593
NET POSITION			
Net Investment in Capital Assets	8,233,539	13,556	8,247,095
Restricted for			
Capital Projects	1,087,822		1,087,822
Unrestricted	(4,459,727)	-	(4,459,727)
Total Net Position	\$ 4,861,634	\$ 13,556	\$ 4,875,190

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

**FLORHAM PARK BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
Instruction							
Regular	\$ 8,124,418	\$ 60,200	\$ 1,947,144		\$ (6,117,074)		\$ (6,117,074)
Special Education	3,320,865	75,934	1,355,008		(1,889,923)		(1,889,923)
Other Instruction	119,197		42,582		(76,615)		(76,615)
School Sponsored Activities and Athletics	172,524				(172,524)		(172,524)
Support Services							
Student and Instruction Related Services	3,117,108		555,998		(2,561,110)		(2,561,110)
General Administrative Services	587,964				(587,964)		(587,964)
School Administrative Services	1,020,387		176,552		(843,835)		(843,835)
Central Services	536,395		61,591		(474,804)		(474,804)
Plant Operations and Maintenance	2,578,129		14,987	\$ 287,653	(2,275,489)		(2,275,489)
Pupil Transportation	1,006,013	123,417	48,228		(834,368)		(834,368)
Interest on Debt	301,548	-	-		(301,548)		(301,548)
Total Governmental Activities	<u>20,884,548</u>	<u>259,551</u>	<u>4,202,090</u>	<u>287,653</u>	<u>(16,135,254)</u>	<u>-</u>	<u>(16,135,254)</u>
Business-Type Activities							
Food Service	16,048	11,123	-	-	-	\$ (4,925)	(4,925)
Total Business-Type Activities	<u>16,048</u>	<u>11,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,925)</u>	<u>(4,925)</u>
Total Primary Government	<u>\$ 20,900,596</u>	<u>\$ 270,674</u>	<u>\$ 4,202,090</u>	<u>\$ 287,653</u>	<u>(16,135,254)</u>	<u>(4,925)</u>	<u>(16,140,179)</u>
General Revenues							
Taxes							
Property Tax, Levied for General Purposes					16,092,428		16,092,428
Property Tax, Levied for Debt Service					1,043,056		1,043,056
Investment Earnings					7,396		7,396
Unrestricted State Aid					8,864		8,864
Miscellaneous Income					145,502		145,502
Transfers					(3,115)	3,115	-
Total General Revenues and Transfers					<u>17,294,131</u>	<u>3,115</u>	<u>17,297,246</u>
Change in Net Position					1,158,877	(1,810)	1,157,067
Net Position, Beginning of Year (Restated)					<u>3,702,757</u>	<u>15,366</u>	<u>3,718,123</u>
Net Position, End of Year					<u>\$ 4,861,634</u>	<u>\$ 13,556</u>	<u>\$ 4,875,190</u>

FUND FINANCIAL STATEMENTS

**FLORHAM PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,152,476		\$ 361,976		\$ 2,514,452
Receivables from Other Governments	33,119	\$ 32,268	334,802		400,189
Due from Other Funds	11,792	-	-	-	11,792
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,197,387</u>	<u>\$ 32,268</u>	<u>\$ 696,778</u>	<u>\$ -</u>	<u>\$ 2,926,433</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 19,741	\$ 4,482			\$ 24,223
Accrued Salaries and Wages	653,546				653,546
Compensated Absences Payable	51,336				51,336
Intergovernmental Payable - State		9,105			9,105
Intergovernmental Payable - Federal		1,513			1,513
Due to Other Funds	1,003	2,590			3,593
Unearned Revenue	-	14,578	\$ 278,711	-	293,289
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>725,626</u>	<u>32,268</u>	<u>278,711</u>	<u>-</u>	<u>1,036,605</u>
Fund Balances					
Restricted					
Capital Reserve	669,755				669,755
Emergency Reserve	250,000				250,000
Capital Projects			418,067		418,067
Assigned					
Year End Encumbrances	217,542				217,542
Designated for Subsequent Year Expenditures	85,288				85,288
Unassigned	249,176	-	-	-	249,176
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,471,761</u>	<u>-</u>	<u>418,067</u>	<u>-</u>	<u>1,889,828</u>
Total Liabilities and Fund Balances	<u>\$ 2,197,387</u>	<u>\$ 32,268</u>	<u>\$ 696,778</u>	<u>\$ -</u>	

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

**FLORHAM PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

Total Fund Balances (Exhibit B-1) \$ 1,889,828

Amounts reported for *governmental activities* in the statement of net position (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 \$28,487,500 and the accumulated depreciation is \$13,266,804. 15,220,696

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 280,802

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 145,886	
Deferred Inflows of Resources	<u>(452,087)</u>	(306,201)

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (138,465)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

Serial Bonds Payable, Net	\$ 7,267,959	
Compensated Absences	177,726	
Net Pension Liability	<u>4,639,341</u>	<u>(12,085,026)</u>

Net Position of Governmental Activities		<u>\$ 4,861,634</u>
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**FLORHAM PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 16,092,428			\$ 1,043,056	\$ 17,135,484
Tuition	136,134				136,134
Transportation Fees	123,417				123,417
Interest	7,396				7,396
Miscellaneous	145,502	\$ 44,419	-	-	189,921
Total - Local Sources	16,504,877	44,419	-	1,043,056	17,592,352
State Sources	2,145,048	52,485	\$ 287,653		2,485,186
Federal Sources	-	251,670	-	-	251,670
Total Revenues	18,649,925	348,574	287,653	1,043,056	20,329,208
EXPENDITURES					
Current					
Instruction					
Regular	7,118,072	36,469			7,154,541
Special Education	2,805,432	205,570			3,011,002
Other Instruction	107,902	11,264			119,166
School-Sponsored Activities and Athletics	172,524				172,524
Support Services					
Student and Instruction Related Services	2,777,845	95,271			2,873,116
General Administrative Services	586,105				586,105
School Administrative Services	946,243				946,243
Central Services	503,459				503,459
Plant Operations and Maintenance	1,928,045				1,928,045
Student Transportation Services	988,045				988,045
Debt Service					
Principal				730,000	730,000
Interest and Other Charges				313,056	313,056
Capital Outlay	152,364	-	719,132	-	871,496
Total Expenditures	18,086,036	348,574	719,132	1,043,056	20,196,798
Excess (Deficiency) of Revenues Over (Under) Expenditures	563,889	-	(431,479)	-	132,410
OTHER FINANCING SOURCES (USES)					
Transfers In			432,390		432,390
Transfers Out	(435,505)	-	-	-	(435,505)
Total Other Financing Sources and Uses	(435,505)	-	432,390	-	(3,115)
Net Change in Fund Balances	128,384	-	911	-	129,295
Fund Balance, Beginning of Year	1,343,377	-	417,156	-	1,760,533
Fund Balance, End of Year	\$ 1,471,761	\$ -	\$ 418,067	\$ -	\$ 1,889,828

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

**FLORHAM PARK BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 129,295

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.

Capital Outlay	\$ 871,496	
Depreciation Expense	<u>(689,338)</u>	
		182,158

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease in Compensated Absences	107,775	
Increase in Pension Expense	<u>(1,859)</u>	
		105,916

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

Serial Bond Principal		730,000
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Governmental funds report the effect of premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	59,113	
Amortization of Deferred Amounts on Refunding	<u>(57,643)</u>	
		1,470

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>10,038</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 1,158,877**

**FLORHAM PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015**

	Non-Major Enterprise Fund <u>Food Service</u>
ASSETS	
Non-Current Assets	
Capital Assets	
Equipment	\$ 116,396
Less: Accumulated Depreciation	<u>(102,840)</u>
Total Non-Current Assets	<u>13,556</u>
Total Assets	<u>13,556</u>
 NET POSITION	
Net Investment in Capital Assets	<u>13,556</u>
Total Net Position	<u><u>\$ 13,556</u></u>

**FLORHAM PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Non-Major Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Local Sources	
Daily Sales	\$ <u>11,123</u>
Total Operating Revenues	<u>11,123</u>
OPERATING EXPENSES	
Cost of Sales	14,238
Depreciation	<u>1,810</u>
Total Operating Expenses	<u>16,048</u>
Operating Loss Before Transfer	(4,925)
Transfer In	<u>3,115</u>
Changes in Net Position	(1,810)
Net Position, Beginning of Year	<u>15,366</u>
Net Position, End of Year	<u><u>\$ 13,556</u></u>

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

**FLORHAM PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Non-Major Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 11,123
Cash Payments to Suppliers for Goods and Services	<u>(14,238)</u>
Net Cash (Used for) Operating Activities	<u>(3,115)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund	<u>3,115</u>
Net Cash Provided by Noncapital Financing Activities	<u>3,115</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash	
(Used for) Operating Activities	
Operating Loss	\$ <u>(4,925)</u>
Adjustments to Reconcile Operating Loss to Net Cash	
(Used for) Operating Activities	
Depreciation	<u>1,810</u>
Total Adjustments	<u>1,810</u>
Net Cash (Used for) Operating Activities	<u>\$ (3,115)</u>

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

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 47,010	\$ 5,694	\$ 117,497
Due from Other Funds	<u>6,080</u>	<u>-</u>	<u>-</u>
Total Assets	<u>53,090</u>	<u>5,694</u>	<u>\$ 117,497</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 10,585
Flex Spending Deposits			3,250
Due to Other Funds			14,279
Due to Student Groups	<u>-</u>	<u>-</u>	<u>89,383</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 117,497</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 53,090</u>	<u>\$ 5,694</u>	

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 16,866	
Investment Earnings		
Interest	<u>124</u>	<u>\$ 15</u>
Total Additions	<u>16,990</u>	<u>15</u>
DEDUCTIONS		
Scholarship Awards		175
Unemployment Claims and Contributions	<u>19,601</u>	<u>-</u>
Total Deductions	<u>19,601</u>	<u>175</u>
Change in Net Position	(2,611)	(160)
Net Position, Beginning of Year	<u>55,701</u>	<u>5,854</u>
Net Position, End of Year	<u>\$ 53,090</u>	<u>\$ 5,694</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

C. Basis of Presentation - Financial Statements

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

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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.

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.

Fund Financial Statements

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

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, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund types:

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

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".

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. 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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	10-30
Buildings	40
Building Improvements	20
Machinery and Equipment	5-20

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. Compensated Absences

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

7. Pensions

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are classified as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. 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. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net Position/Fund Balance

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education (See Note 2C).

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Net Position/Fund Balance* (Continued)

Governmental Fund Statements (Continued)

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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.

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are 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 inflows of resources. 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. *Tuition Revenues and Expenditures*

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 2013-2014 and 2014-2015 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

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 fund 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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 23, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

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 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$202,056. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year authorized and approved additional fund balance appropriations of \$144,778 from the general fund were made on July 21, 2014.

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

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned 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

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	\$ 702,145
Increased by	
Deposits Approved by Board Resolution	<u>400,000</u>
	1,102,145
Decreased by	
Withdrawals Approved in District Budget	<u>432,390</u>
Balance, June 30, 2015	<u>\$ 669,755</u>

The withdrawals from capital reserve were for use in a department approved facilities project, consistent with the District's Long Range Facilities Plan.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve 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. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	<u>\$ 250,000</u>
Balance, June 30, 2015	<u>\$ 250,000</u>

D. Transfers to Capital Outlay

During the 2014/2015 school year, the district transferred \$160,000 to the non-equipment capital outlay accounts. The transfer was made from available unexpended line-item appropriation amounts and was approved by the County Superintendent to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h).

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$2,684,653 and bank and brokerage firm balances of the Board's deposits amounted to \$3,044,726. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	<u>\$ 3,044,726</u>

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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, 2015 the Board’s bank balance was not 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, 2015, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2015 for the district’s individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 30,938		\$ 30,938
State	\$ 33,119		\$ 334,802	367,921
Local	-	1,330	-	1,330
Gross Receivables	33,119	32,268	334,802	400,189
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 33,119</u>	<u>\$ 32,268</u>	<u>\$ 334,802</u>	<u>\$ 400,189</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 14,578
Capital Projects Fund	
Unrealized School Facilities Grants	<u>278,711</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 293,289</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Balance, July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2015</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,156,663			\$ 1,156,663
Construction in Progress	<u>98,190</u>	<u>\$ 167,351</u>	<u>\$ (98,190)</u>	<u>167,351</u>
Total Capital Assets, Not Being Depreciated	<u>1,254,853</u>	<u>167,351</u>	<u>(98,190)</u>	<u>1,324,014</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,369,190			1,369,190
Building and Building Improvements	22,650,983	680,894		23,331,877
Machinery and Equipment	<u>2,340,978</u>	<u>121,441</u>	<u>-</u>	<u>2,462,419</u>
Total Capital Assets Being Depreciated	<u>26,361,151</u>	<u>802,335</u>	<u>-</u>	<u>27,163,486</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,050,110)	(66,349)		(1,116,459)
Building and Building Improvements	(9,341,952)	(592,714)		(9,934,666)
Machinery and Equipment	<u>(2,185,404)</u>	<u>(30,275)</u>	<u>-</u>	<u>(2,215,679)</u>
Total Accumulated Depreciation	<u>(12,577,466)</u>	<u>(689,338)</u>	<u>-</u>	<u>(13,266,804)</u>
Total Assets, Being Depreciation, Net	<u>13,783,685</u>	<u>112,997</u>	<u>-</u>	<u>13,896,682</u>
Government Activities Capital Assets, Net	<u>\$ 15,038,538</u>	<u>\$ 280,348</u>	<u>\$ (98,190)</u>	<u>\$ 15,220,696</u>

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2015</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 116,396	-	-	\$ 116,396
Total Capital Assets Being Depreciated	<u>116,396</u>	<u>-</u>	<u>-</u>	<u>116,396</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(101,030)	\$ (1,810)	-	(102,840)
Total Accumulated Depreciation	<u>(101,030)</u>	<u>(1,810)</u>	<u>-</u>	<u>(102,840)</u>
Total Capital Assets, Being Depreciated, Net	<u>15,366</u>	<u>(1,810)</u>	<u>-</u>	<u>13,556</u>
Business-Type Activities Capital Assets, Net	<u>\$ 15,366</u>	<u>\$ (1,810)</u>	<u>\$ -</u>	<u>\$ 13,556</u>

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

Governmental Activities:

Instruction		
Regular		\$ 7,406
Total Instruction		<u>7,406</u>
Support Services		
Student and Instructional Related Services		
School Administrative Services		6,644
Plant Operations and Maintenance		657,320
Pupil Transportation		<u>17,968</u>
Total Support Services		<u>681,932</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 689,338</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 1,810</u>

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction Commitments

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Remaining Commitment</u>
Ridgedale Middle School Window and Exterior Door Replacement	\$ 529,622
Ridgedale Middle School HVAC Replacement	<u>102,398</u>
	<u>\$ 632,020</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 2,590
General Fund	Payroll Agency Fund	9,202
Unemployment Compensation Trust Fund	General Fund	1,003
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>5,077</u>
Total		<u>\$ 17,872</u>

The above balances are the result of amounts received in one fund which are due to another fund to cover cash balances which were in an overdraft position.

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

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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

Interfund transfers

Interfund transfers

	Transfer In:		
	<u>Capital Projects</u>	<u>Enterprise Food Service</u>	<u>Total</u>
Transfer Out: General Fund	\$ 432,390	\$ 3,115	\$ 435,505
Total transfers	<u>\$ 432,390</u>	<u>\$ 3,115</u>	<u>\$ 435,505</u>

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

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2015 were \$35,750. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2016	\$ 35,750
2017	35,750
2018	<u>27,248</u>
Total	<u>\$ 98,748</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. 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, 2015 are comprised of the following issue:

\$9,185,000, 2009 Bonds, due in annual installments of \$760,000 to \$945,000 through July 15, 2022, interest at 2.75% to 5.00%	<u>\$6,980,000</u>
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**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ended June 30,	Serial Bonds		Total
	Principal	Interest	
2016	\$ 760,000	\$ 287,156	\$ 1,047,156
2017	790,000	253,206	1,043,206
2018	830,000	213,456	1,043,456
2019	870,000	175,344	1,045,344
2020	905,000	139,016	1,044,016
2021-2023	2,825,000	175,575	3,000,575
	<u>\$ 6,980,000</u>	<u>\$ 1,243,753</u>	<u>\$ 8,223,753</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 88,416,523
Less: Net Debt	<u>6,980,000</u>
Remaining Borrowing Power	<u>\$ 81,436,523</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 7,710,000		\$ 730,000	\$ 6,980,000	\$ 760,000
Add: Original Issue Premium	347,072	-	59,113	287,959	-
Total Bonds Payable	8,057,072	-	789,113	7,267,959	760,000
Compensated Absences	285,501	\$ 13,272	121,047	177,726	50,724
Net Pension Liability	4,943,683	-	304,342	4,639,341	197,324
Governmental Activities Long-Term Liabilities	<u>\$ 13,286,256</u>	<u>\$ 13,272</u>	<u>\$ 1,214,502</u>	<u>\$ 12,085,026</u>	<u>\$ 1,008,048</u>

For governmental activities, the liabilities for compensated absences and net pension liability are generally liquidated by the General Fund.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. 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 New Jersey Schools Insurance Group (“Group”). The Group is a risk sharing public entity pool, established for the purpose of insuring against various types of insurance coverages including worker's compensation claims, property, auto and general liability claims.

The relationship between the Board and the Group 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 Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group attributable to a membership year during which they were a member.

The New Jersey Schools Insurance Group provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the Group are on file with the School's Business Administrator.

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	None	\$ 16,866	\$ 19,601	\$ 53,090
2014	\$ 35,000	15,194	33,051	55,701
2013	None	14,885	6,180	38,473

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

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, 2015, 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, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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. TPAF is a cost sharing plan with special funding situations.

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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

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 but are currently suspended as a result of reform legislation.

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.

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. 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 or at www.state.nj.us/treasury/doinvest.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013 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 (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS, 6.9% 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 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 204,276	\$ 386,152	\$ 15,124
2014	197,018	309,416	8,833
2013	188,419	470,265	6,475

For fiscal years 2014/2015 and 2012/2013, the state contributed \$386,152 and \$470,265, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$309,416 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$494,950 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$4,639,341 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was .02478 percent, which was a decrease of .00109 percent from its proportionate share measured as of June 30, 2013.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$206,135 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 145,886	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 276,479
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>-</u>	<u>175,608</u>
Total	<u>\$ 145,886</u>	<u>\$ 452,087</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (74,583)
2017	(74,583)
2018	(74,583)
2019	(74,583)
2020	(5,464)
Thereafter	<u>(2,405)</u>
	<u>\$ (306,201)</u>

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,103,484 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$39,091,399. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 - June 30, 2012
Study Upon Which Actuarial	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

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 classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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, 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-Local 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 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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 paid 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 paid 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 state 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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 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 includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the 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 or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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 fiscal years ended June 30, 2015, 2014 and 2013 were \$613,016, \$507,327 and \$531,751 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.

NOTE 5 RESTATEMENT

On July 1, 2014, the Florham Park Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Florham Park Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$4,943,683. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$8,646,440 as originally reported to \$3,702,757 as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGET COMPARISON SCHEDULES

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 16,092,428		\$ 16,092,428	\$ 16,092,428	
Tuition	140,000		140,000	136,134	\$ (3,866)
Transportation Fees From Individuals	40,000		40,000	40,201	201
Transportation Fees From Other LEA's	40,000		40,000	83,216	43,216
Interest				7,396	7,396
Miscellaneous	23,000	-	23,000	145,502	122,502
Total Local Sources	16,335,428	-	16,335,428	16,504,877	169,449
State Sources					
Special Education Aid	411,749		411,749	411,749	
Transportation Aid	39,684		39,684	39,684	
Security Aid	14,991		14,991	14,991	
PARCC Readiness Aid	9,750		9,750	9,750	
Per Pupil Growth Aid	9,750		9,750	9,750	
Extraordinary Aid - 2014/2015	20,000		20,000	41,376	21,376
Extraordinary Aid - 2013/2014				1,637	1,637
Additional Nonpublic Transportation Aid				8,555	8,555
On-behalf TPAF Pension Payments - Pension Contribution (Non-Budget)				360,235	360,235
NCGI Premium (Non-Budget)				25,917	25,917
On-behalf TPAF OPEB Payments - Post Retirement Medical Benefits (Non-Budget)				613,016	613,016
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	494,950	494,950
Total State Sources	505,924	-	505,924	2,031,610	1,525,686
Total Revenues	16,841,352	-	16,841,352	18,536,487	1,695,135
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	52,265	\$ 12,314	64,579	64,579	
Kindergarten	295,335	5,000	300,335	300,335	
Grades 1-5	2,131,036	(123,597)	2,007,439	2,007,439	
Grades 6-8	1,634,500	208,223	1,842,723	1,842,723	
Regular Program - Home Instruction					
Salaries of Teachers	10,000	(832)	9,168	9,168	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	233,000	(109,364)	123,636	123,281	355
Purchased Professional/Educational Services	7,100		7,100	4,575	2,525
Purchased Technical Services	37,840		37,840	37,835	5
Other Purchased Services	145,800	(13,854)	131,946	130,725	1,221
General Supplies	442,206	(53,235)	388,971	342,178	46,793
Textbooks	48,550	36,213	84,763	82,655	2,108
Other Objects	9,900	(115)	9,785	8,585	1,200
Total Regular Programs	5,047,532	(39,247)	5,008,285	4,954,078	54,207
Special Education Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	160,000	(19,758)	140,242	140,242	
Other Salaries for Instruction	32,000	13,352	45,352	45,351	1
General Supplies	2,250	(525)	1,725	1,725	
Textbooks	1,200	(400)	800	-	800
Total Learning and/or Language Disabilities	195,450	(7,331)	188,119	187,318	801

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 904,350	\$ 168,337	\$ 1,072,687	\$ 1,072,687	
Other Salaries for Instruction	157,500	86,710	244,210	244,210	
General Supplies	4,300	(2,126)	2,174	2,159	\$ 15
Textbooks	2,700	(2,200)	500	183	317
Total Resource Room	1,068,850	250,721	1,319,571	1,319,239	332
Preschool Disabilities - Full-Time					
Salaries of Teachers	81,000	(6,871)	74,129	74,129	
Other Salaries for Instruction	32,000	31,025	63,025	63,025	
General Supplies	3,650	(2,925)	725	725	-
Total Preschool Disabilities - Full-Time	116,650	21,229	137,879	137,879	-
Total Special Education	1,380,950	264,619	1,645,569	1,644,436	1,133
Basic Skills/Remedial					
Salaries of Teachers	20,000	(20,000)			
Other Salaries for Instruction		14,000	14,000	13,503	497
General Supplies	825	-	825	-	825
Total Basic Skills/Remedial	20,825	(6,000)	14,825	13,503	1,322
Bilingual Education - Instruction					
Salaries of Teachers	40,000	13,699	53,699	53,699	
General Supplies	275	-	275	50	225
Total Bilingual Education - Instruction	40,275	13,699	53,974	53,749	225
School Sponsored Co/Extra Curricular Activities					
Salaries	60,000	13,110	73,110	73,110	
Supplies and Materials	8,950	(1,432)	7,518	7,518	-
Total School Sponsored Co/Extra Curricular Activities	68,950	11,678	80,628	80,628	-
School Sponsored Athletics					
Salaries	40,000	(10,431)	29,569	29,569	-
Purchased Services	11,500		11,500	11,500	
Supplies and Materials	4,640	1,452	6,092	6,092	
Other Objects	1,600	(560)	1,040	1,040	-
Total School Sponsored Athletics	57,740	(9,539)	48,201	48,201	-
Other Instructional Programs					
Salaries	10,000	(4,929)	5,071	5,071	
Supplies and Materials	1,525	(1,287)	238	238	-
Total Other Instructional Programs	11,525	(6,216)	5,309	5,309	-
Total Instruction	6,627,797	228,994	6,856,791	6,799,904	56,887
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	300,000	(57)	299,943	271,804	28,139
Tuition to Priv. Sch. for the Disabled Within the State	264,000	(116,400)	147,600	109,793	37,807
Total Undistributed Expenditures - Instruction	564,000	(116,457)	447,543	381,597	65,946

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 238,340	\$ 31,035	\$ 269,375	\$ 269,375	
Purchased Professional-Technical Services	6,000	382	6,382	6,382	
Other Purchased Services	400	2,073	2,473	2,473	
Supplies and Materials	5,250	(169)	5,081	5,081	
Other Objects	550	(450)	100	100	-
Total Health Services	250,540	32,871	283,411	283,411	-
Speech, OT, PT and Related Services					
Salaries	414,000	(19,395)	394,605	394,605	
Purchased Professional-Educational Services	102,675	(31,602)	71,073	70,261	\$ 812
Supplies and Materials	6,700	(1,772)	4,928	4,928	-
Total Speech, OT, PT and Related Services	523,375	(52,769)	470,606	469,794	812
Other Support Services-Students-Extra Serv.					
Salaries	168,000	(14,753)	153,247	153,246	1
Total Other Support Services - Students - Extra Serv.	168,000	(14,753)	153,247	153,246	1
Guidance					
Salaries of Other Professional Staff	165,000	3,014	168,014	168,014	
Salaries of Secretarial and Clerical Assistants	34,600	(4)	34,596	34,596	
Other Purchased Professional and Tech. Services	41,400	(3,579)	37,821	37,516	305
Other Purchased Services	250		250	250	250
Supplies and Materials	3,065	(1,038)	2,027	1,220	807
Other Objects	250	-	250	168	82
Total Guidance	244,565	(1,607)	242,958	241,514	1,444
Child Study Team					
Salaries of Other Professional Staff	307,200	59,323	366,523	366,523	
Salaries of Secretarial and Clerical Assistants	68,000	878	68,878	68,645	233
Other Purchased Professional and Tech. Services	11,000	16,935	27,935	27,935	
Other Purchased Services	12,000	2,105	14,105	13,531	574
Supplies and Materials	11,000	1,920	12,920	12,848	72
Other Objects	1,200	500	1,700	1,325	375
Total Child Study Team	410,400	81,661	492,061	490,807	1,254
Improvement of Instructional Services					
Salaries of Other Professional Staff	42,300	(2,717)	39,583	39,583	
Other Salaries	24,000		24,000	24,000	
Supplies and Materials		1,055	1,055	1,035	20
Other Objects	-	895	895	895	-
Total Improvement of Instructional Services	66,300	(767)	65,533	65,513	20
Educational Media Services/School Library					
Salaries	145,100	(7,265)	137,835	137,835	
Other Purchased Services	7,275	(3,894)	3,381	3,381	
Supplies and Materials	20,075	(9,155)	10,920	10,920	-
Total Educational Media Serv./School Library	172,450	(20,314)	152,136	152,136	-
Instructional Staff Training Services					
Salaries of Other Professional Staff	42,300	9,617	51,917	51,917	
Other Salaries	10,000	943	10,943	10,943	
Purchased Professional/Educational Services	78,500	(16,964)	61,536	57,514	4,022
Other Purchased Services	7,000	(3,266)	3,734	3,478	256
Supplies and Materials		1,182	1,182	1,182	
Other Objects	1,050	(1,050)	-	-	-
Total Staff Training Services	138,850	(9,538)	129,312	125,034	4,278

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 220,110	\$ (10,931)	\$ 209,179	\$ 209,179	
Legal Services	40,000	66,903	106,903	106,903	
Audit Fees	25,000	23,800	48,800	25,300	\$ 23,500
Other Purchased Professional Services	4,000	8,560	12,560	12,560	
Communications/Telephone	40,000	6,152	46,152	46,152	
Miscellaneous Purchased Services	30,000	2,043	32,043	32,043	
General Supplies	5,000	8,212	13,212	13,212	
Miscellaneous Expenditures	22,000	(12,577)	9,423	9,423	-
Total Support Services General Administration	<u>386,110</u>	<u>92,162</u>	<u>478,272</u>	<u>454,772</u>	<u>23,500</u>
Support Services School Administration					
Salaries of Principal/Asst. Principals	397,916	(25,764)	372,152	372,152	
Salaries of Other Professional Staff	20,000	-	20,000	20,000	
Salaries of Secretarial and Clerical Assistants	184,600	20,297	204,897	204,897	
Purchased Professional and Technical Services	1,350	(1,100)	250	250	
Other Purchased Services	17,100	6,075	23,175	23,175	
Supplies and Materials	17,610	(2,296)	15,314	15,314	
Other Objects	9,470	(4,879)	4,591	4,591	-
Total Support Services School Administration	<u>648,046</u>	<u>(7,667)</u>	<u>640,379</u>	<u>640,379</u>	<u>-</u>
Support Services Central Services					
Salaries	245,205	4,105	249,310	249,310	
Purchased Technical Services	22,500	11	22,511	22,495	16
Miscellaneous Purchased Services	10,000	1,559	11,559	11,559	
Supplies and Materials	6,000	(1,806)	4,194	4,194	
Miscellaneous Expenditures	1,500	307	1,807	1,807	-
Total Support Central School Administration	<u>285,205</u>	<u>4,176</u>	<u>289,381</u>	<u>289,365</u>	<u>16</u>
Admin. Info. Technology					
Salaries	-	69,672	69,672	69,672	-
Total Admin. Info. Technology	<u>-</u>	<u>69,672</u>	<u>69,672</u>	<u>69,672</u>	<u>-</u>
Required Maintenance for School Facilities					
Salaries	191,735	31,091	222,826	222,826	
Cleaning, Repair and Maintenance Services	164,600	63,146	227,746	193,259	34,487
General Supplies	36,500	(19,002)	17,498	17,498	
Other Objects	400	(193)	207	207	-
Total Required Maintenance for School Fac.	<u>393,235</u>	<u>75,042</u>	<u>468,277</u>	<u>433,790</u>	<u>34,487</u>
Custodial Services					
Salaries	502,290	(23,631)	478,659	478,659	
Purchased Prof. And Technical Serv.	45,000	3,843	48,843	48,843	
Cleaning, Repair and Maint. Serv.	18,000	15,405	33,405	33,405	
Other Purchased Property Services	25,000	3,917	28,917	28,917	
Insurance	82,000	(5,662)	76,338	76,338	
Miscellaneous Purchased Services	13,000	8,542	21,542	21,542	
General Supplies	38,500	6,620	45,120	44,268	852
Energy (Natural Gas)	120,000	(33,384)	86,616	86,616	
Energy (Electricity)	285,000	(67,152)	217,848	217,848	
Other Objects	2,000	(452)	1,548	1,548	-
Total Custodial Services	<u>1,130,790</u>	<u>(91,954)</u>	<u>1,038,836</u>	<u>1,037,984</u>	<u>852</u>
Care and Upkeep of Grounds					
Salaries	63,895		63,895	63,895	
Purchased Professional and Technical Services	2,500	62	2,562	2,562	
Cleaning, Repair and Maintenance Svc.	14,500	18,083	32,583	32,583	
General Supplies	19,500	6,574	26,074	24,284	1,790
Total Care and Upkeep of Grounds	<u>100,395</u>	<u>24,719</u>	<u>125,114</u>	<u>123,324</u>	<u>1,790</u>

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Security					
Salaries	\$ 55,000	\$ (55,000)	-	-	-
Total Security	<u>55,000</u>	<u>(55,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	96,000	3,584	\$ 99,584	\$ 99,584	
Salaries for Pupil Transportation (Between Home and School) - Regular	62,925	35,139	98,064	98,064	
Salaries for Pupil Transportation (Between Home and School) - Sp Ed	197,500	33,357	230,857	230,857	
Salaries for Pupil Transportation (Between Home and School) - Non-Public	60,000	(4,262)	55,738	55,738	
Management Fee - ESC & CTSA Transp. Prog.	6,000	(5,138)	862	862	
Other Purchased Prof. and Technical Serv.	2,000	(1,399)	601	601	
Cleaning, Repair and Maintenance Services	32,700	(11,623)	21,077	21,077	
Contracted Services - Aid in Lieu of Payments Non-Public	45,000	3,630	48,630	45,978	\$ 2,652
Contracted Services (Other than Between Home and Sch) - Vendors	2,500	(2,500)			
Contracted Services (Spl. Ed. Students) - Vendors					
Contracted Services (Spl. Ed. Students) - Joint Agreements	155,000	(9,682)	145,318	145,318	
Contracted Services (Reg. Students) - ESCs & CTSA	3,000	908	3,908	3,908	
Contracted Services (Spl. Ed. Students) - ESCs & CTSA	55,000	(31,203)	23,797	23,797	
Misc. Purchased Serv. - Transportation	25,000	4,935	29,935	29,935	
General Supplies	34,000	(9,462)	24,538	24,538	
Other Objects	2,000	(284)	1,716	1,716	-
Total Student Transportation Services	<u>778,625</u>	<u>6,000</u>	<u>784,625</u>	<u>781,973</u>	<u>2,652</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	230,000	16,447	246,447	246,447	
Other Retirement Contributions - PERS	220,000	(15,724)	204,276	204,276	-
Other Retirement Contributions - DCRP	7,500	8,223	15,723	15,124	599
Unemployment Compensation	15,000	(15,000)			
Workers Compensation	100,000	(1,242)	98,758	98,758	
Health Benefits	3,245,000	(401,264)	2,843,736	2,664,110	179,626
Tuition Reimbursement	30,000	(7,375)	22,625	22,366	259
Other Employee Benefits	28,000	110,309	138,309	138,309	-
Total Unallocated Benefits - Employee Benefits	<u>3,875,500</u>	<u>(305,626)</u>	<u>3,569,874</u>	<u>3,389,390</u>	<u>180,484</u>
On-behalf TPAF Pension Payments - Pension Contribution (Non-Budget)				360,235	(360,235)
NCGI Premium (Non-Budget)				25,917	(25,917)
On-behalf TPAF OPEB Payments - Post Retirement Medical Benefits (Non-Budget)				613,016	(613,016)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	494,950	(494,950)
Total On-Behalf Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,494,118</u>	<u>(1,494,118)</u>
Total Undistributed Expenditures	<u>10,191,386</u>	<u>(290,149)</u>	<u>9,901,237</u>	<u>11,077,819</u>	<u>(1,176,582)</u>
Total Expenditures - Current Expenditures	<u>16,819,183</u>	<u>(61,155)</u>	<u>16,758,028</u>	<u>17,877,723</u>	<u>(1,119,695)</u>

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Equipment					
Undistributed:					
Custodial Services	\$ 8,700	\$ 35,968	\$ 44,668	\$ 44,668	
School Buses - Special	60,000	16,773	76,773	76,773	-
Total Equipment	<u>68,700</u>	<u>52,741</u>	<u>121,441</u>	<u>121,441</u>	-
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services		10,000	10,000	5,320	\$ 4,680
Construction Services		150,000	150,000	25,603	124,397
Other Objects	26,168	-	26,168	26,168	-
Total Facilities Acquis. and Const. Services	<u>26,168</u>	<u>160,000</u>	<u>186,168</u>	<u>57,091</u>	<u>129,077</u>
Total Capital Outlay	<u>94,868</u>	<u>212,741</u>	<u>307,609</u>	<u>178,532</u>	<u>129,077</u>
Transfer of Funds to Charter Schools	<u>12,589</u>	<u>17,192</u>	<u>29,781</u>	<u>29,781</u>	-
Total Expenditures	<u>16,926,640</u>	<u>168,778</u>	<u>17,095,418</u>	<u>18,086,036</u>	<u>(990,618)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(85,288)</u>	<u>(168,778)</u>	<u>(254,066)</u>	<u>450,451</u>	<u>704,517</u>
Other Financing Sources (Uses)					
Transfer Out - Capital Projects Fund	(432,390)	-	(432,390)	(432,390)	-
Operating Transfers Out - Enterprise Fund	-	(3,115)	(3,115)	(3,115)	-
Total Other Financing Sources (Uses)	<u>(432,390)</u>	<u>(3,115)</u>	<u>(435,505)</u>	<u>(435,505)</u>	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	<u>(517,678)</u>	<u>(171,893)</u>	<u>(689,571)</u>	<u>14,946</u>	<u>704,517</u>
Fund Balance, Beginning of Year	<u>1,542,365</u>	-	<u>1,542,365</u>	<u>1,542,365</u>	-
Fund Balance, End of Year	<u>\$ 1,024,687</u>	<u>\$ (171,893)</u>	<u>\$ 852,794</u>	<u>\$ 1,557,311</u>	<u>\$ 704,517</u>
Recapitulation of Fund Balance					
Restricted Fund Balance:					
Capital Reserve				\$ 669,755	
Emergency Reserve				250,000	
Assigned Fund Balance					
Year End Encumbrances				217,542	
Designated for Subsequent Year's Expenditures				85,288	
Unassigned Fund Balance				<u>334,726</u>	
				1,557,311	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Payments Not Recognized on GAAP Basis				<u>(85,550)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,471,761</u>	

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 237,266	\$ 21,922	\$ 259,188	\$ 251,670	\$ (7,518)
State	46,327	8,241	54,568	52,485	(2,083)
Local	50,000	-	50,000	44,419	(5,581)
Total Revenues	<u>333,593</u>	<u>30,163</u>	<u>363,756</u>	<u>348,574</u>	<u>(15,182)</u>
EXPENDITURES					
Instruction					
Tuition	205,570	-	205,570	205,570	-
General Supplies	37,740	10,438	48,178	40,405	7,773
Textbooks	7,514	(186)	7,328	7,328	-
Total Instruction	<u>250,824</u>	<u>10,252</u>	<u>261,076</u>	<u>253,303</u>	<u>7,773</u>
Support Services					
Salaries	1,241	298	1,539	1,539	-
Purchased Professional/Technical Services	36,073	17,794	53,867	49,146	4,721
Purchased Professional/Educational Services	30,455	1,819	32,274	29,636	2,638
General Supplies	15,000	-	15,000	14,950	50
Total Support Services	<u>82,769</u>	<u>19,911</u>	<u>102,680</u>	<u>95,271</u>	<u>7,409</u>
Facilities Acquisition and Construction Services					
Equipment	-	-	-	-	-
Total Facilities Acquisition and Const. Svc.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>333,593</u>	<u>30,163</u>	<u>363,756</u>	<u>348,574</u>	<u>15,182</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**FLORHAM PARK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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) \$ 18,536,487	(C-2) \$ 348,574
Difference - Budget to GAAP:		
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2013/2014 State aid)	198,988	
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2014/2015 State aid)	<u>(85,550)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>18,649,925</u>	(B-2) \$ <u>348,574</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	(C-1) \$ <u>18,086,036</u>	(C-2) \$ <u>348,574</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>18,086,036</u>	(B-2) \$ <u>348,574</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

**FLORHAM PARK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

**Last Two Fiscal Years*
(Dollar amounts in thousands)**

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.02478%	0.02587%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,639,341	\$ 4,943,683
District's Covered-Employee Payroll	\$ 1,606,722	\$ 1,728,708
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	288.75%	285.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FLORHAM PARK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

**Last Two Fiscal Years
(Dollar amounts in thousands)**

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 204,276	\$ 197,018
Contributions in Relation to the Contractually Required Contribution	<u>204,276</u>	<u>197,018</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,606,722	\$ 1,728,708
Contributions as a Percentage of Covered-Employee Payroll	12.71%	11.40%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FLORHAM PARK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

**Last Two Fiscal Years*
(Dollar amounts in thousands)**

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 39,091,399</u>	<u>\$ 36,781,872</u>
Total	<u>\$ 39,091,399</u>	<u>\$ 36,781,872</u>
District's Covered-Employee Payroll	\$ 6,809,034	\$ 7,155,944
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**FLORHAM PARK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>IDEIA Part B Basic</u>	<u>IDEIA Part B Preschool</u>	<u>NCLB Title IIA</u>	<u>NCLB Title III</u>	<u>NCLB -Title III Immigrant</u>	<u>Local Grants</u>	<u>Total Exhibit E-1A</u>	<u>2015</u>
REVENUES								
Intergovernmental								
Federal	\$ 214,269	\$ 7,925	\$ 22,178	\$ 1,422	\$ 5,876			\$ 251,670
State							\$ 52,485	52,485
Local	-	-	-	-	-	\$ 44,419	-	44,419
Total Revenues	<u>\$ 214,269</u>	<u>\$ 7,925</u>	<u>\$ 22,178</u>	<u>\$ 1,422</u>	<u>\$ 5,876</u>	<u>\$ 44,419</u>	<u>\$ 52,485</u>	<u>\$ 348,574</u>
EXPENDITURES								
Instruction								
Tuition	\$ 205,570							205,570
General Supplies				\$ 1,422	\$ 5,578	\$ 29,469	\$ 3,936	40,405
Textbooks	-	-	-	-	-	-	7,328	7,328
Total Instruction	<u>205,570</u>	<u>-</u>	<u>-</u>	<u>1,422</u>	<u>5,578</u>	<u>29,469</u>	<u>11,264</u>	<u>253,303</u>
Support Services								
Salaries			\$ 1,241		298			1,539
Purchased Professional/Technical Services		\$ 7,925					41,221	49,146
Purchased Professional/Educational Services	8,699		20,937				-	29,636
General Supplies	-	-	-	-	-	14,950	-	14,950
Total Support Services	<u>8,699</u>	<u>7,925</u>	<u>22,178</u>	<u>-</u>	<u>298</u>	<u>14,950</u>	<u>41,221</u>	<u>95,271</u>
Facilities Acquisition and Construction Services								
Equipment	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Const. Svc	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 214,269</u>	<u>\$ 7,925</u>	<u>\$ 22,178</u>	<u>\$ 1,422</u>	<u>\$ 5,876</u>	<u>\$ 44,419</u>	<u>\$ 52,485</u>	<u>\$ 348,574</u>

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Nonpublic <u>Nursing</u>	Nonpublic <u>Textbooks</u>	Nonpublic <u>Technology</u>	Nonpublic <u>Ch. 192 Compensatory Instruction</u>	Nonpublic Ch. 193			Total <u>E-1A</u>
					<u>Corrective Speech</u>	<u>Exam & Classification</u>	<u>Supplemental Instruction</u>	
REVENUES								
Intergovernmental								
Federal								
State	\$ 11,667	\$ 7,328	\$ 3,936	\$ 6,629	\$ 8,393	\$ 9,902	\$ 4,630	\$ 52,485
Local	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 11,667</u>	<u>\$ 7,328</u>	<u>\$ 3,936</u>	<u>\$ 6,629</u>	<u>\$ 8,393</u>	<u>\$ 9,902</u>	<u>\$ 4,630</u>	<u>\$ 52,485</u>
EXPENDITURES								
Instruction								
Tuition								
General Supplies			\$ 3,936					\$ 3,936
Textbooks	-	\$ 7,328	-	-	-	-	-	7,328
Total Instruction	-	<u>7,328</u>	<u>3,936</u>	-	-	-	-	<u>11,264</u>
Support Services								
Salaries								
Purchased Professional/Technical Services	\$ 11,667			\$ 6,629	\$ 8,393	\$ 9,902	\$ 4,630	41,221
Purchased Professional/Educational Services	-	-	-	-	-	-	-	-
Total Support Services	<u>11,667</u>	-	-	<u>6,629</u>	<u>8,393</u>	<u>9,902</u>	<u>4,630</u>	<u>41,221</u>
Facilities Acquisition and Construction Services								
Equipment	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Const. Svc	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 11,667</u>	<u>\$ 7,328</u>	<u>\$ 3,936</u>	<u>\$ 6,629</u>	<u>\$ 8,393</u>	<u>\$ 9,902</u>	<u>\$ 4,630</u>	<u>\$ 52,485</u>

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**FLORHAM PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Unexpended Balance, June 30, 2015</u>
Ridgedale Middle School Replacement of Yankee Gutter and Cornice	\$ 793,450	\$ 98,190	\$ 582,704	\$ 112,556
Ridgedale Middle School Window and Exterior Door Replacement	<u>720,650</u>	<u>-</u>	<u>136,428</u>	<u>584,222</u>
Total	<u>\$ 1,514,100</u>	<u>\$ 98,190</u>	<u>\$ 719,132</u>	<u>\$ 696,778</u>

Reconciliation to GAAP Basis

Project Balance, June 30, 2015	\$ 696,778
Less Unrealized Grant Awards	<u>(278,711)</u>
Fund Balance, June 30, 2015 - GAAP Basis	<u>\$ 418,067</u>

Recapitulation of Fund Balance

Restricted for Capital Projects: Year End Encumbrances	\$ 531,932
Available for Capital Projects	<u>(113,865)</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 418,067</u>

**FLORHAM PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Revenues and Other Financing Sources	
State Sources - SDA Grant	\$ 288,260
Local Sources - Transfer from Capital Reserve	<u>432,390</u>
Total Revenues	<u>720,650</u>
Expenditures and Other Financing Uses	
Architect Engineer	51,625
Construction Services	<u>667,507</u>
Total Expenditures and Other Financing Uses	<u>719,132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,518
Fund Balance - Beginning of Year	<u>695,260</u>
Fund Balance - End of Year - Budgetary	<u>\$ 696,778</u>
 <u>Reconciliation to GAAP Basis</u>	
Fund Balance, June 30, 2015 - Budgetary Basis	\$ 696,778
Less Unearned Revenue (Unearned SDA Grant)	<u>(278,711)</u>
Fund Balance, June 30, 2015 - GAAP Basis	<u>\$ 418,067</u>

**FLORHAM PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
RIDGEDALE MIDDLE SCHOOL REPLACEMENT OF YANKEE GUTTER AND CORNICE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 317,380		\$ 317,380	\$ 317,380
Local Sources - Transfer from Capital Reserve	<u>476,070</u>	<u>-</u>	<u>476,070</u>	<u>476,070</u>
Total Revenues	<u>793,450</u>	<u>-</u>	<u>793,450</u>	<u>793,450</u>
Expenditures and Other Financing Uses				
Architect/Engineer	49,740	\$ 6,160	55,900	57,000
Construction Services	<u>48,450</u>	<u>576,544</u>	<u>624,994</u>	<u>736,450</u>
Total Expenditures	<u>98,190</u>	<u>582,704</u>	<u>680,894</u>	<u>793,450</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 695,260</u>	<u>\$ (582,704)</u>	<u>\$ 112,556</u>	<u>\$ -</u>
Additional Project Information:				
DOE Project Number	#1530-030-14-1001			
SDA Project Number	#1530-030-14-G2FL			
Grant Number	G5-5563			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Original Authorized Cost	\$ 793,450			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 793,450			
Percentage Increase Over Original Authorized Cost	N/A			
Percentage Completion	100.00%			
Original Target Completion Date	September 2014			
Revised Target Completion Date	N/A			

**FLORHAM PARK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
RIDGEDALE MIDDLE SCHOOL WINDOW AND EXTERIOR DOOR REPLACEMENT
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant		\$ 288,260	\$ 288,260	\$ 288,260
Local Sources - Transfer from Capital Reserve	-	432,390	432,390	432,390
Total Revenues	-	720,650	720,650	720,650
Expenditures and Other Financing Uses				
Architect/Engineer		45,465	45,465	45,800
Construction Services	-	90,963	90,963	674,850
Total Expenditures	-	136,428	136,428	720,650
Excess (Deficiency) or Revenues Over (Under) Expenditures	\$ -	\$ 584,222	\$ 584,222	\$ -

Additional Project Information:

DOE Project Number	#1530-030-14-1002
SDA Project Number	#1530-030-14-G2FM
Grant Number	G5-5564
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 720,650
Additional Authorized Cost	-
Revised Authorized Cost	\$ 720,650
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	19%
Original Target Completion Date	September 2015
Revised Target Completion Date	September 2015

ENTERPRISE FUND

**FLORHAM PARK BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Statements are Presented on Exhibit B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Statements are Presented on Exhibit B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Statements are Presented on Exhibit B-6

FIDUCIARY FUNDS

AGENCY FUNDS

**FLORHAM PARK BOARD OF EDUCATION
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 89,383	\$ 28,114	\$ 117,497
Total Assets	<u>\$ 89,383</u>	<u>\$ 28,114</u>	<u>\$ 117,497</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 10,585	\$ 10,585
Flex Spending Deposits		3,250	3,250
Due to Other Funds		14,279	14,279
Due to Student Groups	\$ 89,383	-	89,383
Total Liabilities	<u>\$ 89,383</u>	<u>\$ 28,114</u>	<u>\$ 117,497</u>

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance, July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2015</u>
ELEMENTARY SCHOOLS				
Briarwood	\$ 2,750	\$ 8,213	\$ 6,310	\$ 4,653
Brooklake	4,278	15,367	13,607	6,038
MIDDLE SCHOOLS				
Ridgedale Athletics	1	4,507	4,210	298
Ridgedale	44,158	89,019	54,783	78,394
 Total All Schools	 <u>\$ 51,187</u>	 <u>\$ 117,106</u>	 <u>\$ 78,910</u>	 <u>\$ 89,383</u>

**FLORHAM PARK BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance, July 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2015</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 7,254	\$ 4,756,276	\$ 4,752,945	\$ 10,585
Accrued Salaries and Wages		6,146,606	6,146,606	-
Flex Spending Deposits		7,056	3,806	3,250
Due to Other Funds	<u>12,923</u>	<u>6,533</u>	<u>5,177</u>	<u>14,279</u>
 Total	 <u>\$ 20,177</u>	 <u>\$ 10,916,471</u>	 <u>\$ 10,908,534</u>	 <u>\$ 28,114</u>

LONG-TERM DEBT

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 1,043,056	-	\$ 1,043,056	\$ 1,043,056	-
Total Revenues	<u>1,043,056</u>	<u>-</u>	<u>1,043,056</u>	<u>1,043,056</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	730,000		730,000	730,000	
Interest	<u>313,056</u>	<u>-</u>	<u>313,056</u>	<u>313,056</u>	<u>-</u>
Total Expenditures	<u>1,043,056</u>	<u>-</u>	<u>1,043,056</u>	<u>1,043,056</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

FLORHAM PARK BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011 (1)	2012	2013	2014 (2)	2015
Governmental activities										
Net Investment in capital assets	\$ 6,762,118	\$ 6,742,419	\$ 6,688,333	\$ 6,701,460	\$ 6,864,045	\$ 6,814,593	\$ 6,825,899	\$ 7,049,947	\$ 7,319,911	\$ 8,233,539
Restricted	209,068	89,270	32,035	200,677	225,326	384,597	664,955	869,753	1,119,301	1,087,822
Unrestricted	(374,914)	(386,851)	37,626	1,979	(24,502)	(5,237)	200,902	235,888	(4,736,455)	(4,459,727)
Total governmental activities net position	<u>\$ 6,596,272</u>	<u>\$ 6,444,838</u>	<u>\$ 6,757,994</u>	<u>\$ 6,904,116</u>	<u>\$ 7,064,869</u>	<u>\$ 7,193,953</u>	<u>\$ 7,691,756</u>	<u>\$ 8,155,588</u>	<u>\$ 3,702,757</u>	<u>\$ 4,861,634</u>
Business-type activities										
Net Investment in capital assets	\$ 3,235	\$ 2,322	\$ 1,409	\$ 496	\$ 4,334	\$ 4,730	\$ 9,412	\$ 17,176	\$ 15,366	\$ 13,556
Restricted										
Unrestricted	(6,950)	(13,693)	2,099	3,999	780					
Total business-type activities net position	<u>\$ (3,715)</u>	<u>\$ (11,371)</u>	<u>\$ 3,508</u>	<u>\$ 4,495</u>	<u>\$ 5,114</u>	<u>\$ 4,730</u>	<u>\$ 9,412</u>	<u>\$ 17,176</u>	<u>\$ 15,366</u>	<u>\$ 13,556</u>
District-wide										
Net Investment in capital assets	\$ 6,765,353	\$ 6,744,741	\$ 6,689,742	\$ 6,701,956	\$ 6,868,379	\$ 6,819,323	\$ 6,835,311	\$ 7,067,123	\$ 7,335,277	\$ 8,247,095
Restricted	209,068	89,270	32,035	200,677	225,326	384,597	664,955	869,753	1,119,301	1,087,822
Unrestricted	(381,864)	(400,544)	39,725	5,978	(23,722)	(5,237)	200,902	235,888	(4,736,455)	(4,459,727)
Total district net position	<u>\$ 6,592,557</u>	<u>\$ 6,433,467</u>	<u>\$ 6,761,502</u>	<u>\$ 6,908,611</u>	<u>\$ 7,069,983</u>	<u>\$ 7,198,683</u>	<u>\$ 7,701,168</u>	<u>\$ 8,172,764</u>	<u>\$ 3,718,123</u>	<u>\$ 4,875,190</u>

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 5,809,031	\$ 6,571,189	\$ 6,705,625	\$ 6,577,544	\$ 6,860,495	\$ 6,277,653	\$ 6,260,670	\$ 6,857,382	\$ 6,839,702	\$ 8,124,418
Special Education	2,554,818	2,607,536	2,313,004	2,269,125	2,702,625	2,602,610	2,980,703	2,754,197	3,057,821	3,320,865
Other Instruction	69,663	83,439	80,730	67,043	108,418	141,708	213,722	197,548	243,694	119,197
School Sponsored Activities and Athletics	139,489	139,328	150,045	148,318	148,955	148,770	156,927	153,681	174,848	172,524
Support Services:										
Student & Instruction Related Services	2,250,544	2,428,809	2,435,868	2,558,454	2,659,787	2,493,443	2,711,681	2,865,286	2,792,544	3,117,108
General Administrative Services	548,193	491,435	537,995	518,851	574,800	597,239	593,874	605,846	477,445	587,964
School Administrative Services	721,807	836,001	961,645	968,615	1,081,152	1,061,376	1,084,544	1,049,373	987,638	1,020,387
Central Services/Business Services	292,896	407,181	347,440	345,639	338,009	365,831	395,547	388,815	407,775	536,395
Plant Operations and Maintenance	1,994,220	2,000,682	2,321,091	2,412,179	2,446,176	2,508,052	2,255,376	2,348,184	2,498,158	2,578,129
Pupil Transportation	826,229	1,031,136	922,126	803,849	804,200	816,834	900,848	964,524	1,035,975	1,006,013
Interest on Long-Term Debt	665,301	509,513	524,666	513,234	372,251	383,267	355,199	338,146	322,926	301,548
Total Governmental Activities Expenses	15,872,191	17,106,249	17,300,235	17,182,851	18,096,868	17,396,783	17,909,091	18,522,982	18,838,526	20,884,548
Business-Type Activities:										
Food Service	21,407	19,214	13,116	16,412	14,561	13,708	13,592	14,628	14,325	16,048
Enrichment Program	5,206	4,058								
Total Business-Type Activities Expense	26,613	23,272	13,116	16,412	14,561	13,708	13,592	14,628	14,325	16,048
Total District Expenses	\$ 15,898,804	\$ 17,129,521	\$ 17,313,351	\$ 17,199,263	\$ 18,111,429	\$ 17,410,491	\$ 17,922,683	\$ 18,537,610	\$ 18,852,851	\$ 20,900,596
Program Revenues										
Governmental Activities:										
Charges for Services:										
Pupil Transportation	\$ 42,853	\$ 74,708	\$ 118,587	\$ 111,531	\$ 130,101	\$ 119,141	\$ 100,618	\$ 100,523	\$ 95,578	\$ 123,417
Tuition					64,462	75,225	360,237	283,367	204,974	136,134
Operating Grants and Contributions	2,201,960	2,658,388	2,704,811	2,189,988	2,530,036	1,724,411	2,114,533	2,441,422	2,251,981	4,202,090
Capital Grants and Contributions	90,577	-	6,500	480	53,026	14,100	-	25,789	41,812	287,653
Total Governmental Activities Program Revenues	2,335,390	2,733,096	2,829,898	2,301,999	2,777,625	1,932,877	2,575,388	2,851,101	2,594,345	4,749,294
Business-type activities:										
Charges for Services:										
Food Service	8,615	8,317	7,681	9,143	8,226	8,413	12,150	12,415	12,193	11,123
Enrichment Program		855								
Operating Grants and Contributions	6,624	6,444	6,252	8,256	6,954	2,725				
Capital Grants and Contributions								9,167		
Total Business Type Activities Program Revenues	15,239	15,616	13,933	17,399	15,180	11,138	12,150	21,582	12,193	11,123
Total District Program Revenues	\$ 2,350,629	\$ 2,748,712	\$ 2,843,831	\$ 2,319,398	\$ 2,792,805	\$ 1,944,015	\$ 2,587,538	\$ 2,872,683	\$ 2,606,538	\$ 4,760,417

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental Activities	\$ (13,536,801)	\$ (14,373,153)	\$ (14,470,337)	\$ (14,880,852)	\$ (15,319,243)	\$ (15,463,906)	\$ (15,333,703)	\$ (15,671,881)	\$ (16,244,181)	\$ (16,135,254)
Business-Type Activities	(11,374)	(7,656)	817	987	619	(2,570)	(1,442)	6,954	(2,132)	(4,925)
Total District-Wide Net Expense	\$ (13,548,175)	\$ (14,380,809)	\$ (14,469,520)	\$ (14,879,865)	\$ (15,318,624)	\$ (15,466,476)	\$ (15,335,145)	\$ (15,664,927)	\$ (16,246,313)	\$ (16,140,179)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 12,359,375	\$ 12,813,493	\$ 13,433,441	\$ 13,822,785	\$ 14,278,900	\$ 14,617,866	\$ 14,764,011	\$ 15,050,909	\$ 15,629,073	\$ 16,092,428
Property Taxes Levied for Debt Service	1,055,500	1,053,365	1,054,780	1,054,628	1,053,010	955,617	1,039,666	1,042,719	1,041,731	1,043,056
Unrestricted Aid, Grants and Contributions	71,994	154,468	177,788	4,010						8,864
Investment Earnings	25,864	33,880	19,425	11,786	4,256	7,592	6,182	5,653	6,442	7,396
Miscellaneous Income	39,708	166,513	112,121	133,765	143,830	111,931	27,771	37,242	58,109	145,502
Transfers	-	-	(14,062)			(2,186)	(6,124)	(810)	(322)	(3,115)
Total Governmental Activities	13,552,441	14,221,719	14,783,493	15,026,974	15,479,996	15,690,820	15,831,506	16,135,713	16,735,033	17,294,131
Business-Type Activities:										
Investment Earnings	-	-	14,062			2,186	6,124	810	322	3,115
Transfers	-	-	14,062			2,186	6,124	810	322	3,115
Total Business-Type Activities	-	-	14,062	-	-	2,186	6,124	810	322	3,115
Total District-Wide	\$ 13,552,441	\$ 14,221,719	\$ 14,797,555	\$ 15,026,974	\$ 15,479,996	\$ 15,693,006	\$ 15,837,630	\$ 16,136,523	\$ 16,735,355	\$ 17,297,246
Special Items										
Governmental Activities:										
Loss on Disposal of Assets	\$ (164,038)	-	-	-	-	-	-	-	-	-
Total Governmental Activities	(164,038)	-								
Change in Net Position										
Governmental Activities	\$ (148,398)	\$ (151,434)	\$ 313,156	\$ 146,122	\$ 160,753	\$ 226,914	\$ 497,803	\$ 463,832	\$ 490,852	\$ 1,158,877
Business-Type Activities	(11,374)	(7,656)	14,879	987	619	(384)	4,682	7,764	(1,810)	(1,810)
Total District	\$ (159,772)	\$ (159,090)	\$ 328,035	\$ 147,109	\$ 161,372	\$ 226,530	\$ 502,485	\$ 471,596	\$ 489,042	\$ 1,157,067

**FLORHAM PARK BOARD OF EDUCATION
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 273,700	\$ 102,749	\$ 218,376	\$ 493,163	\$ 499,997					
Unreserved	167,599	139,887	404,841	165,798	153,110					
Restricted						\$ 634,597	\$ 914,955	\$ 1,119,753	\$ 952,145	\$ 919,755
Committed										
Assigned						29,868	175,988	179,088	109,288	302,830
Unassigned						165,593	238,004	263,069	281,944	249,176
Total General Fund	\$ 441,299	\$ 242,636	\$ 623,217	\$ 658,961	\$ 653,107	\$ 830,058	\$ 1,328,947	\$ 1,561,910	\$ 1,343,377	\$ 1,471,761
All Other Governmental Funds										
Reserved				\$ 103,817						
Unreserved	\$ 6,921	\$ 6,921	\$ 6,921	(8,516)	\$ 80,789					
Restricted									417,156	418,067
Committed										
Assigned										
Total all other governmental funds	\$ 6,921	\$ 6,921	\$ 6,921	\$ 95,301	\$ 80,789	\$ -	\$ -	\$ -	\$ 417,156	\$ 418,067

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property Tax Levy	\$ 13,414,875	\$ 13,866,858	\$ 14,488,221	\$ 14,877,413	\$ 15,331,910	\$ 15,573,483	\$ 15,803,677	\$ 16,093,628	\$ 16,670,804	\$ 17,135,484
Tuition					64,462	75,225	360,237	283,367	204,974	136,134
Transportation Fees	42,853	74,708	118,587	111,531	130,101	119,141	100,618	100,523	95,578	123,417
Interest Earnings	25,864	33,880	19,425	11,786	4,256	7,592	6,182	5,653	6,442	7,396
Miscellaneous	79,708	175,765	155,078	204,151	201,954	145,355	127,803	102,034	112,886	189,921
State Sources	2,074,304	2,524,684	2,596,142	1,871,212	2,090,671	1,395,974	1,734,490	2,143,690	1,997,880	2,485,186
Federal Sources	250,227	278,920	250,000	252,880	434,267	309,113	280,011	258,729	241,136	251,670
Total Revenue	15,887,831	16,954,815	17,627,453	17,328,973	18,257,621	17,625,883	18,413,018	18,987,624	19,329,700	20,329,208
Expenditures										
Instruction										
Regular Instruction	5,736,178	6,568,515	6,682,753	6,555,456	6,836,216	6,351,479	6,247,254	6,807,333	6,842,650	7,154,541
Special Education Instruction	2,532,878	2,619,972	2,312,188	2,300,513	2,702,338	2,601,388	2,970,143	2,756,191	3,061,728	3,011,002
Other instruction	69,663	83,439	80,730	67,043	108,418	141,708	197,575	206,299	234,943	119,166
School Sponsored Activities/Athletics	139,489	139,328	150,045	148,318	148,955	148,770	156,927	153,681	174,848	172,524
Support Services:										
Student and Inst. Related Services	2,232,447	2,417,696	2,424,803	2,541,151	2,637,425	2,469,287	2,705,075	2,849,109	2,782,721	2,873,116
General Administrative Services	621,725	499,724	521,582	512,323	564,222	588,560	585,195	618,816	477,445	586,105
School Administrative Services	690,572	777,949	925,334	931,646	1,002,152	1,024,353	1,051,982	1,034,914	982,864	946,243
Central Services/Business Services	292,790	405,815	339,488	344,484	353,430	365,104	395,545	388,815	391,628	503,459
Plant Operations and Maintenance	1,321,457	1,355,354	1,661,143	1,743,922	1,787,291	1,869,193	1,614,160	1,713,187	1,863,465	1,928,045
Pupil Transportation	762,817	967,724	865,900	762,550	762,901	795,125	894,645	954,187	1,013,299	988,045
Capital Outlay	502,537	155,500	189,189	140,813	301,461	96,554	49,838	228,600	263,433	871,496
Debt Service										
Principal	541,947	584,612	590,475	637,196	668,184	677,939	670,000	695,000	710,000	730,000
Interest and Other Charges	672,131	577,850	549,821	519,434	404,994	398,075	369,666	347,719	331,731	313,056
Cost of Issuance					101,880					
Payment to Escrow Account					662,153					
Total Expenditures	16,116,631	17,153,478	17,293,451	17,204,849	19,042,020	17,527,535	17,908,005	18,753,851	19,130,755	20,196,798
Excess (Deficiency) of Revenues Over (Under) Expenditures	(228,800)	(198,663)	334,002	124,124	(784,399)	98,348	505,013	233,773	198,945	132,410
Other Financing sources (uses)										
Capital Leases	181,986		60,641							
Refunding Bond Proceeds					9,185,000					
Premium on Notes/Bonds	20,051				679,033					
Bonds Refunded					(9,100,000)					
Transfers In	26,024	12,753	2,794	107,526	19,363	118			476,070	432,390
Transfers Out	(26,024)	(12,753)	(16,856)	(107,526)	(19,363)	(2,304)	(6,124)	(810)	(476,392)	(435,505)
Total Other Financing Sources (Uses)	202,037	-	46,579	-	764,033	(2,186)	(6,124)	(810)	(322)	(3,115)
Net Change in Fund Balances	\$ (26,763)	\$ (198,663)	\$ 380,581	\$ 124,124	\$ (20,366)	\$ 96,162	\$ 498,889	\$ 232,963	\$ 198,623	\$ 129,295
Debt Service as a Percentage of										
Noncapital Expenditures	7.78%	6.84%	6.67%	6.78%	9.80%	6.17%	5.82%	5.63%	5.52%	5.40%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30.	Interest	Tuition	Transportation Fees	Prior Year Reimbursements	Insurance Refunds	Prior Year Orders Canceled	Cancel Old Outstanding Checks	Facility Use	E-Rate	Benefit Share	Miscellaneous	Total
2006	\$ 19,891		\$ 42,853	\$ 8,030		\$ 15,340					\$ 16,338	\$ 102,452
2007	21,127		74,708	41,143	\$ 86,268				\$ 10,897		28,205	262,348
2008	16,631		118,587	44,356			\$ 1,125	\$ 30,989	14,107		21,544	247,339
2009	11,478		111,531	40,923	14,304			38,357	15,298		24,883	256,774
2010	4,053	\$ 64,462	130,101	15,156	976			40,734	16,085	\$ 37,676	33,203	342,446
2011	7,474	75,225	119,141	28,568	3,517			46,669	26,680		6,497	313,771
2012	6,182	360,237	100,618	9,490			7,666	8,200			2,415	494,808
2013	5,653	283,367	100,523	10,299			2,315	2,377	16,367		5,884	426,785
2014	6,442	204,974	95,578	5,485	16,305		4,060		13,021		19,238	365,103
2015	7,396	136,134	123,417	69,664	2,777		1,523	34,465	33,426		3,647	412,449

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

Calendar Year	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct Local School Tax Rate ^a
2006	b \$ 72,140,300	\$ 1,963,783,600	\$ 716,800	\$ 119,800	\$ 868,630,200	\$ 229,991,100	\$ 161,878,700	\$ 3,297,260,500	\$ 4,552,436	\$ 3,301,812,936	\$ 2,976,989,614	\$ 0.41
2007	66,582,200	1,977,590,900	716,800	119,800	894,240,000	228,460,100	161,878,700	3,329,588,500	4,556,753	3,334,145,253	3,158,254,479	0.43
2008	64,246,500	1,989,080,900	716,800	119,800	917,460,600	178,344,300	159,770,700	3,309,739,600	4,687,591	3,314,427,191	3,278,877,905	0.44
2009	126,647,500	2,011,843,600	748,300	119,800	912,417,600	108,971,400	153,215,500	3,313,963,700	4,947,120	3,318,910,820	3,357,907,547	0.45
2010	128,845,700	2,047,551,750	748,300	119,800	887,116,700	101,302,400	151,215,500	3,316,900,150	4,901,700	3,321,801,850	3,332,562,174	0.47
2011	118,379,400	2,051,700,450	748,300	119,800	867,113,600	101,302,400	151,215,500	3,290,579,450	4,582,780	3,295,162,230	3,356,840,595	0.48
2012	110,392,500	2,031,401,150	748,300	119,800	890,441,900	97,324,800	151,215,500	3,281,643,950	4,576,711	3,286,220,661	3,335,769,352	0.48
2013	95,485,900	2,024,445,400	748,300	119,800	890,390,400	97,324,800	157,415,500	3,265,930,100	4,257,410	3,270,187,510	3,015,767,531	0.50
2014	98,799,800	1,985,991,600	748,300	119,800	882,320,700	96,354,600	168,609,300	3,232,944,100	3,854,835	3,236,798,935	2,839,810,971	0.52
2015	95,113,200	2,003,842,000	748,300	119,800	883,268,500	94,644,600	175,484,100	3,253,220,500	4,080,033	3,257,300,533	3,021,413,939	0.53

Source: County Abstract of Ratables

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

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

Calendar Year	Total Direct School Tax Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Florham Park Local School District	Hanover Park Regional High School District	Municipality of Florham Park	Morris County		
2006	(A) \$ 0.41	\$ 0.20	\$ 0.32	\$ 0.22	\$ 1.15	
2007	0.43	0.20	0.32	0.22	1.16	
2008	0.44	0.20	0.33	0.22	1.19	
2009	0.45	0.20	0.33	0.21	1.19	
2010	0.47	0.21	0.35	0.23	1.25	
2011	0.48	0.21	0.36	0.24	1.29	
2012	0.48	0.22	0.38	0.25	1.33	
2013	0.50	0.23	0.39	0.23	1.35	
2014	0.52	0.23	0.40	0.23	1.38	
2015	0.53	0.24	0.40	0.23	1.40	

Source: County Abstract of Ratables

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

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

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
KBSII 100-200 Campus Drive LLC	\$ 188,360,700	5.78%		
Sun Valley Plaza LLC	73,211,300	2.25%		
BASF	68,000,000	2.09%		
Avalonbay Communities	63,369,900	1.95%	65,369,900	1.98%
Rock GW LLC	60,778,500	1.87%		
Wells Reit II	43,817,300	1.35%		
MOMA Park LLC	33,900,000	1.04%		
HPT IHG Two	33,000,000	1.01%		
Advance At Park Place LLC	30,991,300	0.95%		
Riverbend	30,000,000	0.92%		
Campus Drive LLC			112,458,800	3.41%
Park Avenue Realty			109,410,200	3.31%
Wells Reit II			103,078,100	3.12%
Exxon Mobil			84,715,100	2.57%
LH Florham Holding			65,132,800	1.97%
71 Hanover FPK -Assoc.			30,013,500	0.91%
Kull Bren			29,660,600	0.90%
Columbia Corp. Ctr.			26,489,000	0.80%
Asco Mfg.			25,620,300	0.77%
	<u>\$ 625,429,000</u>	<u>19.20%</u>	<u>\$ 651,948,300</u>	<u>19.74%</u>

Source: Municipal Tax Assessor

**FLORHAM PARK BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 13,414,875	\$ 13,414,875	100%	-
2007	13,866,858	13,866,858	100%	-
2008	14,488,221	14,488,221	100%	-
2009	14,877,413	14,877,413	100%	-
2010	15,331,910	15,331,910	100%	-
2011	15,573,483	15,573,483	100%	-
2012	15,803,667	15,803,667	100%	-
2013	16,093,628	16,093,628	100%	-
2014	16,670,804	16,670,804	100%	-
2015	17,135,484	17,135,484	100%	-

FLORHAM PARK BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Grant Anticipation Notes			
2006	\$ 12,460,000	\$ 337,765	\$ 2,607,404	\$ 15,405,169	12,373	\$ 1,245
2007	11,975,000	238,153	568,093	12,781,246	12,298	1,039
2008	11,460,000	223,319	-	11,683,319	12,355	946
2009	10,915,000	131,123	-	11,046,123	12,347	895
2010	10,425,000	37,939	-	10,462,939	11,705	894
2011	9,785,000	-	-	9,785,000	11,751	833
2012	9,115,000			9,115,000	11,860	769
2013	8,420,000			8,420,000	11,831	712
2014	7,710,000			7,710,000	11,829	652
2015	6,980,000			6,980,000	11,829 (E)	590

(E) - Estimate

FLORHAM PARK BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (A)	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006 (A)	\$ 12,460,000		\$ 12,460,000	0.38	\$ 1,245
2007	11,975,000		11,975,000	0.36	1,039
2008	11,460,000		11,460,000	0.35	946
2009	10,915,000		10,915,000	0.33	895
2010	10,425,000		10,425,000	0.31	894
2011	9,785,000		9,785,000	0.30	833
2012	9,115,000		9,115,000	0.28	769
2013	8,420,000		8,420,000	0.26	712
2014	7,710,000		7,710,000	0.24	652
2015	6,980,000		6,980,000	0.21	590

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

**FLORHAM PARK BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Florham Park Board of Education (as of June 30, 2015)	\$ 6,980,000
Regional High School - Florham Park's Share	699,254
Borough of Florham Park	<u>29,358,834</u>
Total Direct Municipal Debt	<u>37,038,088</u>
Overlapping Debt Apportioned to the Municipality:	
Morris County: (2)	
County of Morris (A)	<u>7,471,134</u>
Total Overlapping Debt Apportioned to the Municipality	<u>7,471,134</u>
Total Direct and Overlapping Debt	<u><u>\$ 44,509,222</u></u>

Source:

- (1) Borough of Florham Park's 2014 Annual Debt Statement
- (2) Morris County's 2014 Annual Debt Statement
- (A) The debt for this entity was apportioned by dividing the municipality's 2014 equalized value by the total 2014 equalized value for Morris County.

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

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis
	2012 \$3,008,474,468
	2013 2,849,105,906
	2014 2,984,071,903
	<u>\$8,841,652,277</u>
Average equalized valuation of taxable property	<u>\$2,947,217,426</u>
Debt limit (3 % of average equalization value)	\$ 88,416,523
Total Net Debt Applicable to Limit	<u>6,980,000</u>
Legal debt margin	<u>\$ 81,436,523</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 83,824,516	\$ 88,757,608	\$ 93,239,463	\$ 97,102,876	\$ 99,109,670	\$ 99,963,349	\$ 99,887,568	\$ 96,912,020	\$ 91,797,202	\$ 88,416,523
Total net debt applicable to limit	<u>13,028,094</u>	<u>11,975,000</u>	<u>11,460,000</u>	<u>10,915,000</u>	<u>10,425,000</u>	<u>9,785,000</u>	<u>9,115,000</u>	<u>8,420,000</u>	<u>7,710,000</u>	<u>6,980,000</u>
Legal debt margin	<u>\$ 70,796,422</u>	<u>\$ 76,782,608</u>	<u>\$ 81,779,463</u>	<u>\$ 86,187,876</u>	<u>\$ 88,684,670</u>	<u>\$ 90,178,349</u>	<u>\$ 90,772,568</u>	<u>\$ 88,492,020</u>	<u>\$ 84,087,202</u>	<u>\$ 81,436,523</u>
Total net debt applicable to the limit as a percentage of debt limit	15.54%	13.49%	12.29%	11.24%	10.52%	9.79%	9.13%	8.69%	8.40%	7.89%

Source: Annual Debt Statements

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

Borough of Florham Park

<u>Fiscal Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2006	12,373	\$ 67,918	2.7%
2007	12,298	71,191	2.4%
2008	12,355	74,025	3.2%
2009	12,347	67,614	5.6%
2010	11,705	69,811	5.6%
2011	11,751	71,730	5.4%
2012	11,860	74,057	5.7%
2013	11,831	75,054	5.4%
2014	11,829	N/A	4.7%
2015	11,829 (E)	N/A	N/A

N/A - Not Available

(E) - Estimate

Source: New Jersey State Department of Education

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

Employer	2015		2006	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

**FLORHAM PARK BOARD OF EDUCATION
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Unaudited)**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction	97.3	104.2	104.5	105.5	106.0	106.0	108.0	108.0	110.0	109.0
Support Services										
Student and Instruction Related Services	23.5	23.6	23.6	24.6	24.6	24.6	24.6	24.6	23.6	23.6
General Administration	2.2	2.2	2.2	2.2	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	6.0	6.0	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0
Central Services	3.0	3.0	2.8	2.8	2.8	3.0	3.0	3.0	3.0	3.0
Plant Operations and Maintenance	10.4	10.4	10.7	10.7	11.3	11.3	11.3	11.3	11.3	11.3
Pupil Transportation	6.4	12.0	12.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5
Total	148.8	161.4	163.3	166.3	167.2	167.4	169.4	168.4	169.4	168.4

Source: District Personnel Records

FLORHAM PARK BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Teacher/Student Ratio

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Elementary	Middle School					
2006	1,007	\$ 14,400,016	\$ 14,300	1.35%	81	1:12	1:12	993	950	6.66%	95.67%
2007	1,011	15,835,516	15,663	9.53%	82	1:12	1:12	998	960	0.50%	96.19%
2008	1,051	15,963,966	15,189	-3.03%	85	1:12	1:12	1,030	987	3.21%	95.83%
2009	1,047	15,907,406	15,193	0.03%	87	1:12	1:12	1,028	981	-0.19%	95.43%
2010	1,041	16,903,348	16,238	6.87%	87	1:12	1:12	1,037	994	0.88%	95.85%
2011	1,037	16,354,967	15,771	-2.87%	87	1:12	1:12	1,027	983	-0.96%	95.72%
2012	1,028	16,818,501	16,360	3.73%	89	1:12	1:12	1,026	980	-0.10%	95.52%
2013	1,029	17,482,532	16,990	3.85%	90	1:12	1:12	1,022	982	-0.39%	96.09%
2014	1,001	17,825,591	17,808	4.81%	89	1:12	1:12	1,003	964	-1.86%	96.11%
2015	986	18,282,246	18,542	4.12%	89	1:12	1:12	990	951	-1.30%	96.06%

Sources: District records

Note: Operating expenditures reported prior to the implementation of GASB 34 in fiscal year 2004 may include capital lease principal and interest which are reported as debt service expenditure in fiscal year 2004 and thereafter under the GASB 34 reporting model.

FLORHAM PARK BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>District Building</u>										
<u>Elementary</u>										
Brooklake										
Square Feet	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700
Enrollment	339	335	350	350	346	325	339	347	324	297
Briarwood										
Square Feet	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Enrollment	340	343	361	350	365	352	360	355	350	352
<u>Middle School</u>										
Ridgedale										
Square Feet	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100
Enrollment		314	320	343	331	351	331	327	327	337

Number of Schools at June 30, 2015
 Elementary = 2
 Middle School = 1
3

Source: District Records

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

**Undistributed Expenditures - Required
Maintenance for School Facilities
11-000-261-xxx**

<u>School Facilities</u>	<u>Project Nos.</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Brooklake Elementary School	N/A	\$ 85,752	\$ 79,347	\$ 87,876	\$ 80,795	\$ 78,381	\$ 137,547	\$ 86,392	\$ 123,324	\$ 105,435	\$ 126,543
Briarwood Elementary School	N/A	91,908	85,043	85,300	113,747	70,827	103,820	76,142	83,628	96,050	117,308
Ridgedale Elementary School	N/A	<u>84,475</u>	<u>78,165</u>	<u>131,398</u>	<u>135,037</u>	<u>147,412</u>	<u>150,862</u>	<u>151,883</u>	<u>120,975</u>	<u>150,664</u>	<u>189,939</u>
Total School Facilities		<u>\$ 262,135</u>	<u>\$ 242,555</u>	<u>\$ 304,574</u>	<u>\$ 329,579</u>	<u>\$ 296,620</u>	<u>\$ 392,229</u>	<u>\$ 314,417</u>	<u>\$ 327,927</u>	<u>\$ 352,149</u>	<u>\$ 433,790</u>

Source: District Records

**FLORHAM PARK BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2015
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG		
Property - Blanket Building & Contents	\$ 51,499,034	\$ 5,000
Increased Cost of Construction	10,000,000	
Flood/Earthquake	10,000,000	
Computer Equipment	275,000	
Energy Systems - Property Damage	100,000,000	
Commercial Liability - Bodily Injury/Property Damage	11,000,000	
Comprehensive General Liability	11,000,000	
Workers Compensation	2,000,000	
School Leaders Errors and Omissions	11,000,000	5,000
Business Auto	11,000,000	1,000
Public Employee Dishonesty	100,000	
Money and Security	25,000	
Computer Fraud	100,000	
Depositor Forgery	100,000	
Student Accident	5,000,000	
Public Official Bond - Board Secretary	100,000	
Public Official Bond - Treasurer of School Monies	230,000	

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the 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 prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Florham Park Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Florham Park Board of Education's basic financial statements and have issued our report thereon dated November 23, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Florham Park Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Florham Park Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Florham Park Board of Education's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Florham Park Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 23, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Florham Park Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Florham Park Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 23, 2015



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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Florham Park Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Florham Park Board of Education's major state programs for the fiscal year ended June 30, 2015. The Florham Park Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Florham Park Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, 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 the Florham Park Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Florham Park Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Florham Park Board of Education complied, in all material respects, with the types of 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, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major state program is not modified with respect to this matter.

The Florham Park Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Florham Park Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Florham Park Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Florham Park Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, 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 Florham Park Board of Education's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

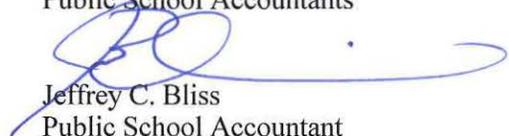
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Florham Park Board of Education, as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 23, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 23, 2015

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2015			MEMO		
									(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Combined Total Expenditures	
State Department of Education														
General Fund:														
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 411,749			\$ 374,318	\$ 411,749		\$ (37,431)			*	\$ 411,749	
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	411,749	(37,318)		37,318						*		
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	14,991			13,628	14,991		(1,363)			*	14,991	
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	14,991	(1,359)		1,359						*		
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	39,684			36,076	39,684		(3,608)			*	39,684	
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	39,684	(3,597)		3,597						*		
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	9,750			8,864	9,750		(886)			*	9,750	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	9,750			8,864	9,750		(886)			*	9,750	
Extraordinary Special Education Costs Aid	15-100-034-5120-473	7/1/14-6/30/15	41,376				41,376		(41,376)			*	41,376	
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/13-6/30/14	158,351	(156,714)		158,351	1,637					*	1,637	
Additional Non Public Transportation Aid	N/A	7/1/14-6/30/15	8,555				8,555		(8,555)			*	8,555	
Additional Non Public Transportation Aid	N/A	7/1/13-6/30/14	8,064	(8,064)		8,064						*		
TPAF Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	494,950			470,386	494,950		(24,564)			*	494,950	
TPAF Social Security Contributions	14-495-034-5095-002	7/1/13-6/30/14	508,483	(24,890)		24,890						*		
TPAF Pension Contributions	15-495-034-5094-006	7/1/14-6/30/15	360,235			360,235	360,235					*	360,235	
TPAF Pension - NCGI Premium	15-495-034-5094-007	7/1/14-6/30/15	25,917			25,917	25,917					*	25,917	
TPAF Pension-Post Retirement Medical	15-495-034-5094-001	7/1/14-6/30/15	613,016	-	-	613,016	613,016	-	-	-	-	*	613,016	
Total General Fund				(231,942)	-	2,144,883	2,031,610	-	(118,669)	-	-	*	(33,119) 2,031,610	
Special Revenue Fund:														
New Jersey Nonpublic Aid														
Auxiliary Services														
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	8,958			8,958	6,629				\$ 2,329	*	6,629	
Compensatory Education	14-100-034-5120-067	7/1/13-6/30/14	6,848	4,280				\$ 4,280				*		
Handicapped Services														
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	8,835			8,835	8,393				442	*	8,393	
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	8,750	2,735				2,735				*	-	
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	14,588			14,588	9,902				4,686	*	9,902	
Examination and Classification	14-100-034-5120-066	7/1/13-6/30/14	9,075	4,932				4,932				*		
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	6,278			6,278	4,630				1,648	*	4,630	
Supplemental Instruction	14-100-034-5120-066	7/1/13-6/30/14	5,551	1,041				1,041				*		
Nursing	14-100-034-5120-070	7/1/14-6/30/15	11,667			11,667	11,667					*	11,667	
Technology	14-100-034-5120-373	7/1/14-6/30/15	3,936			3,936	3,936					*	3,936	
Textbooks	14-100-034-5120-064	7/1/14-6/30/15	7,328	-	-	7,328	7,328	-	-	-	-	*	7,328	
Total Special Revenue Fund				12,988	-	61,590	52,485	12,988	-	-	9,105	*	- 52,485	
State of New Jersey Schools Development Authority:														
Capital Projects														
Ridgedale Middle School Replacement														
of Yankee Gutter & Cornice	1530-030-14-G2FL	N/A	317,380	(39,276)		270,838	233,082		(46,542)	\$ 45,022		*	(46,542) 272,358	
Ridgedale Middle School Window and Exterior Door Replacement	1530-030-14-G2FM	N/A	288,260	-	-	-	54,571	-	(288,260)	233,689	-	*	(288,260) 54,571	
Total Capital Projects				(39,276)	-	270,838	287,653	-	(334,802)	278,711	-	*	(334,802) 326,929	
Total State Financial Assistance				(258,230)	-	2,477,311	2,371,748	12,988	(453,471)	278,711	9,105	*	(367,921) 2,411,024	
State Financial Assistance														
Not Subject to Single Audit Determination														
General Fund														
TPAF Pension Contributions	15-495-034-5094-006	7/1/14-6/30/15	360,235			(360,235)	(360,235)					*	(360,235)	
TPAF Pension - NCGI Premiums	15-495-034-5094-007	7/1/14-6/30/15	25,917			(25,917)	(25,917)					*	(25,917)	
TPAF Post Retirement Medical Contributions	15-495-034-5094-001	7/1/14-6/30/15	613,016	-	-	(613,016)	(613,016)	-	-	-	-	*	(613,016)	
Total State Financial Assistance				\$ (258,230)	\$ -	\$ 1,478,143	\$ 1,372,580	\$ 12,988	\$ (453,471)	\$ 278,711	\$ 9,105	*	\$ (367,921) \$ 1,411,856	

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Florham Park Board of Education. The Board of Education is defined in Note 1(A) to the Board's 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 prepared and 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 basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO 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 an increase of \$113,438 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 financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,145,048	\$ 2,145,048
Special Revenue Fund	\$ 251,670	52,485	304,155
Capital Projects Fund	-	287,653	287,653
	<u>251,670</u>	<u>2,485,186</u>	<u>2,736,856</u>
Total Financial Assistance	<u>\$ 251,670</u>	<u>\$ 2,485,186</u>	<u>\$ 2,736,856</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 \$494,950 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$386,152 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$613,016 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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 financial statements and the amount subject to State single audit and major program determination.

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified yes X no

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

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

Federal Awards Section Not Applicable

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08? X yes _____ no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>15-495-037-5094-003</u>	<u>TPAF Social Security</u>
<u>15-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>15-495-034-5120-084</u>	<u>Security Aid</u>
<u>15-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>15-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
_____	_____

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

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

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

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

THERE ARE NONE.

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08.

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08, as amended.

CURRENT YEAR STATE AWARDS

Finding 2015-001:

The District had aggregate budget transfers to administrative budget lines that on a cumulative basis exceeded 10% of the total of the advertised administrative budget line. The cumulative transfers over 10% noted were not submitted to nor approved by the Executive County Superintendent.

State Program Information:

Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097

Criteria or Specific Requirement:

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions

Condition:

Certain transfers which exceeded the maximum allowed were not submitted to the County for approval.

Questioned Costs:

Unknown.

Context:

Transfers were made into General Administration and Central Services exceeding 10% which require approval of the Executive County Superintendent or the State Monitor.

Effect:

The District is not in compliance with State Aid Grant program requirements.

Cause:

Unknown.

Recommendation:

Executive County Superintendent's approval be sought as required for all transfers that exceed ten percent (10%) of the original advertised budget appropriation amount in accordance with N.J.A.C. 6A:23A-13.3(g).

View of Responsible Officials and Planned Corrective Action:

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

**FLORHAM PARK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2014-1

Condition:

Students reported on ASSA were not in agreement with students reported on District workpapers.

Current Status:

Corrective action has been taken.