

**FLORHAM PARK BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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, 2016**

**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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973-822-0716 Business Office FAX

DR. MELISSA W. VARLEY  
Superintendent of Schools  
melissa.varley@fpks.org

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

September 14, 2016

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, 2016 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 U.S. Uniform Guidance 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, inclusive of regular education students and those with special needs. The District completed the FY 2015/2016 with an average daily enrollment of 966. The following Average Daily Enrollment figures, reported in the School Register Summary, 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>
2015/16	966	-2.42%
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%

## 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 any reduction 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 established both a Capital Reserve and Maintenance Reserve for the local funding portion of future capital projects contained the district's Long Range Facility Plan and required maintenance contained in the Comprehensive Maintenance 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 has committed to increase its investment in teachers by offering staff training during the school day, as well as after-school hours and the extended school year. The Quality School Assurance Continuum addresses this area.

The in-service training will focus on balanced literacy and writing workshop, multi-sensory approach to reading, yoga in the classroom, Math in Focus, Google and the 1:1 Chromebook initiative. Furthermore, training addressed 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 completed the State of New Jersey approved Ridgedale Middle School Windows and Exterior Doors replacement project as well as the emergency Ridgedale Middle School Auditorium HVAC replacement project. The District will now move to the renovation of the Briarwood Elementary School Kitchen in support of the Florham Park PTA who will contract to have on site food preparation for student lunches district-wide.

#### 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 2015/2016 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, 2016.

#### 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, 2016 the District had \$6,220,000 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 completed in 2005. 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 U.S. Uniform Guidance and the related 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,

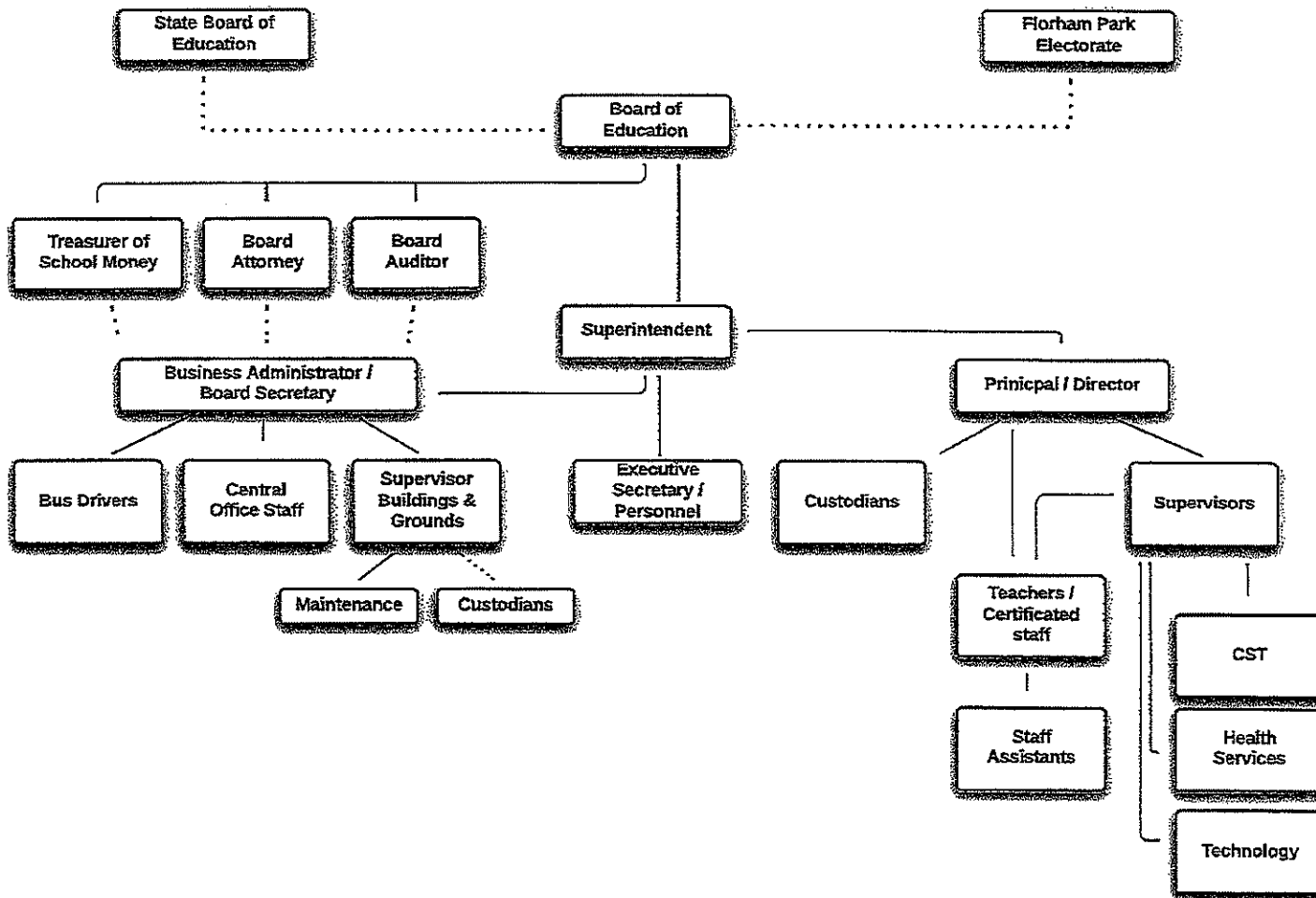


Dr. Melissa Varley  
Superintendent of Schools



John R. Costlos CPA  
Business Administrator/Board Secretary

**FLORHAM PARK BOARD OF EDUCATION  
ORGANIZATIONAL CHART**



**FLORHAM PARK BOARD OF EDUCATION  
FLORHAM PARK, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2016**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
John Carollo, President	2016
Alita Thomas, Vice President	2017
Kevin DeCoursey	2016
Marianne Haynes	2016
Kristina Heinold	2017
Linda Rozek	2018
Charles Shanley	2018

**Other Officials**

Dr. Melissa Varley, Superintendent

John R. Csatlos, Business Administrator/Board Secretary

Raymond G. Karaty, Treasurer

**FLORHAM PARK BOARD OF EDUCATION**

**FLORHAM PARK, NEW JERSEY**

**CONSULTANTS AND ADVISORS**

**ATTORNEY**

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

**AUDIT FIRM**

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

**ARCHITECTS**

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

**OFFICIAL DEPOSITORY**

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  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

## 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, 2016 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, 2016, 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.

## *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 September 14, 2016 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  
September 14, 2016

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# FLORHAM PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

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, 2016. 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 2015-2016 fiscal year include the following:

- The assets and deferred outflows of resources of the Florham Park Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,617,250. (Net Position)
- The District's total net position increased by \$742,060.
- Overall District revenues were \$22,910,846. General revenues accounted for \$17,662,561 or 77% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,248,285 or 23% of total revenues.
- The school district had \$22,153,939 in expenses for governmental activities; only \$5,238,849 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$17,662,561 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 \$1,931,314. Of this amount, \$303,854 (16%) is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2016 was \$1,840,886, an increase of \$369,125 compared to the ending fund balance at June 30, 2015 of \$1,471,761.
- The General Fund unassigned budgetary fund balance at June 30, 2016 was \$414,660, which represents an increase of \$79,934 compared to the ending unassigned budgetary fund balance at June 30, 2015 of \$334,726.
- The District's total outstanding long-term liabilities decreased by \$288,995 during the current fiscal year.

# FLORHAM PARK BOARD OF EDUCATION

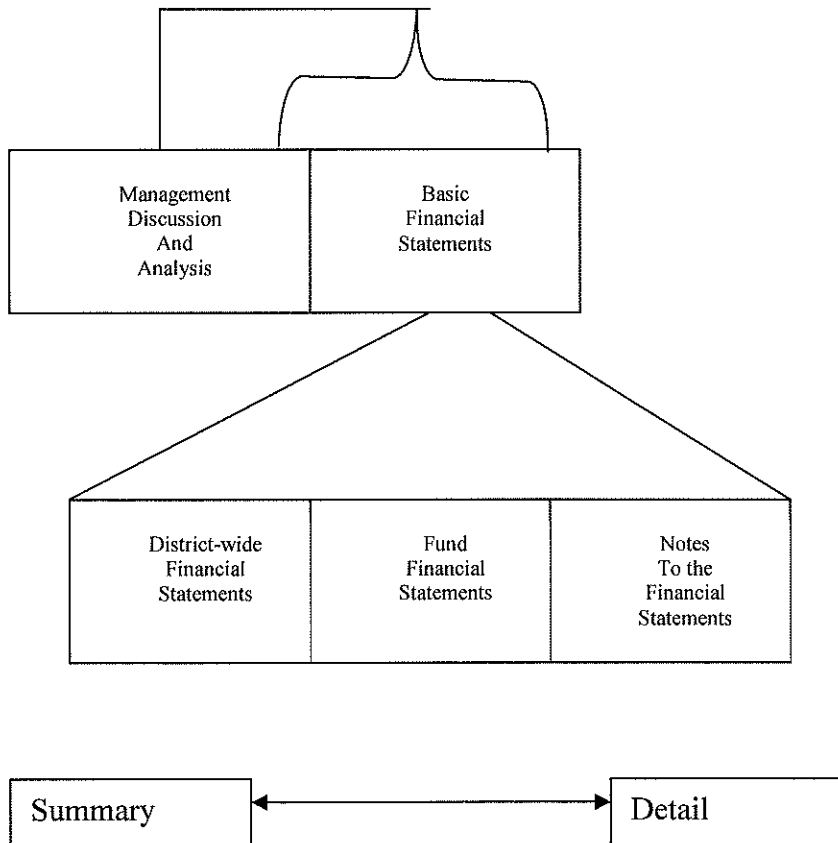
## Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

### 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, 2016

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, 2016

- 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, 2016

**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 \$5,617,250 and \$4,875,190 on June 30, 2016 and 2015, respectively as follows:

	<b>Net Position</b>					
	<b>As of June 30, 2016 and 2015</b>					
	Governmental Activities		Business- Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current Assets	\$ 2,093,698	\$ 2,923,843			\$ 2,093,698	\$ 2,923,843
Capital Assets	15,204,862	15,220,696	\$ 11,746	\$ 13,556	15,216,608	15,234,252
<b>Total Assets</b>	<u>17,298,560</u>	<u>18,144,539</u>	<u>11,746</u>	<u>13,556</u>	<u>17,310,306</u>	<u>18,158,095</u>
<b>Total Deferred Outflows of Resources</b>	<u>906,554</u>	<u>426,688</u>	<u>-</u>	<u>-</u>	<u>906,554</u>	<u>426,688</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>18,205,114</u>	<u>18,571,227</u>	<u>11,746</u>	<u>13,556</u>	<u>18,216,860</u>	<u>18,584,783</u>
Long-Term Liabilities	11,796,031	12,085,026			11,796,031	12,085,026
Other Liabilities	287,145	1,172,480	-	-	287,145	1,172,480
<b>Total Liabilities</b>	<u>12,083,176</u>	<u>13,257,506</u>	<u>-</u>	<u>-</u>	<u>12,083,176</u>	<u>13,257,506</u>
<b>Total Deferred Inflows of Resources</b>	<u>516,434</u>	<u>452,087</u>	<u>-</u>	<u>-</u>	<u>516,434</u>	<u>452,087</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>12,599,610</u>	<u>13,709,593</u>	<u>-</u>	<u>-</u>	<u>12,599,610</u>	<u>13,709,593</u>
Net Position						
Net Investment in Capital Assets	8,978,991	8,233,539	11,746	13,556	8,990,737	8,247,095
Restricted	1,020,183	1,087,822			1,020,183	1,087,822
Unrestricted	(4,393,670)	(4,459,727)	-	-	(4,393,670)	(4,459,727)
<b>Total Net Position</b>	<u>\$ 5,605,504</u>	<u>\$ 4,861,634</u>	<u>\$ 11,746</u>	<u>\$ 13,556</u>	<u>\$ 5,617,250</u>	<u>\$ 4,875,190</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, 2016

The District's total net position of \$5,617,250 at June 30, 2016 represents a \$742,060 or 15%, increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2016 and 2015.

### Change in Net Position For The Fiscal Years Ended June 30, 2016 and 2015

	Governmental		Business-		Total	
	Activities		Type			
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 215,840	\$ 259,551	\$ 9,436	\$ 11,123	\$ 225,276	\$ 270,674
Operating Grants and Contributions	4,804,584	4,202,090			4,804,584	4,202,090
Capital Grants and Contributions	218,425	287,653			218,425	287,653
<b>General Revenues</b>						
Property Taxes	17,461,432	17,135,484			17,461,432	17,135,484
Other	201,129	161,762	-	-	201,129	161,762
<b>Total Revenues</b>	<b>22,901,410</b>	<b>22,046,540</b>	<b>9,436</b>	<b>11,123</b>	<b>22,910,846</b>	<b>22,057,663</b>
<b>Expenses</b>						
<b>Instruction</b>						
Regular	8,312,608	8,124,418			8,312,608	8,124,418
Special Education	3,884,339	3,320,865			3,884,339	3,320,865
Other Instruction	216,185	119,197			216,185	119,197
School Sponsored Activities and Athletics	208,900	172,524			208,900	172,524
<b>Support Services</b>						
Student and Instruction Related Services	3,203,838	3,117,108			3,203,838	3,117,108
General Administrative Services	653,608	587,964			653,608	587,964
School Administrative Services	1,072,812	1,020,387			1,072,812	1,020,387
Central Administrative Services	576,944	536,395			576,944	536,395
Plant Operations and Maintenance	2,781,829	2,578,129			2,781,829	2,578,129
Pupil Transportation	970,710	1,006,013			970,710	1,006,013
Interest on Debt	272,166	301,548			272,166	301,548
Food Services	-	-	14,847	16,048	14,847	16,048
<b>Total Expenses</b>	<b>22,153,939</b>	<b>20,884,548</b>	<b>14,847</b>	<b>16,048</b>	<b>22,168,786</b>	<b>20,900,596</b>
<b>Increase (Decrease) in Net Position Before Transfers</b>	<b>747,471</b>	<b>1,161,992</b>	<b>(5,411)</b>	<b>(4,925)</b>	<b>742,060</b>	<b>1,157,067</b>
<b>Transfers</b>	<b>(3,601)</b>	<b>(3,115)</b>	<b>3,601</b>	<b>3,115</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>743,870</b>	<b>1,158,877</b>	<b>(1,810)</b>	<b>(1,810)</b>	<b>742,060</b>	<b>1,157,067</b>
<b>Net Position, Beginning of Year</b>	<b>4,861,634</b>	<b>3,702,757</b>	<b>13,556</b>	<b>15,366</b>	<b>4,875,190</b>	<b>3,718,123</b>
<b>Net Position, End of Year</b>	<b>\$ 5,605,504</b>	<b>\$ 4,861,634</b>	<b>\$ 11,746</b>	<b>\$ 13,556</b>	<b>\$ 5,617,250</b>	<b>\$ 4,875,190</b>

# FLORHAM PARK BOARD OF EDUCATION

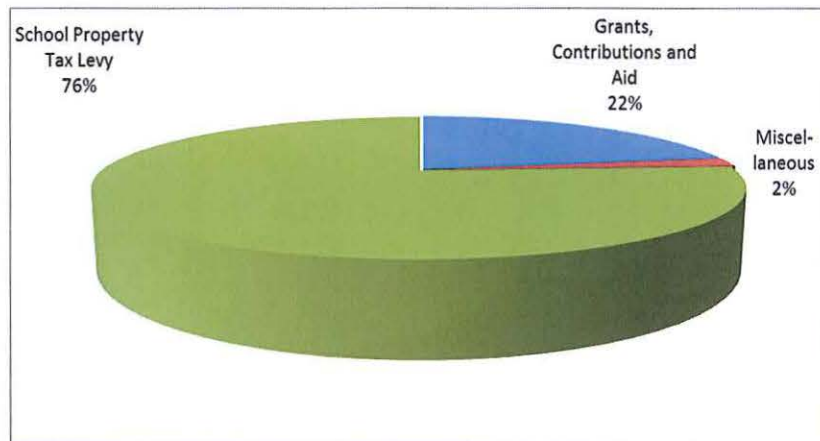
## Management's Discussion and Analysis Fiscal Year Ended June 30, 2016

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$22,901,410 for the fiscal year ended June 30, 2016, property taxes of \$17,461,432 represented 76% of revenues. Another significant portion of revenues came from grants and contributions which totaled \$5,023,009 and represented 22% 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.

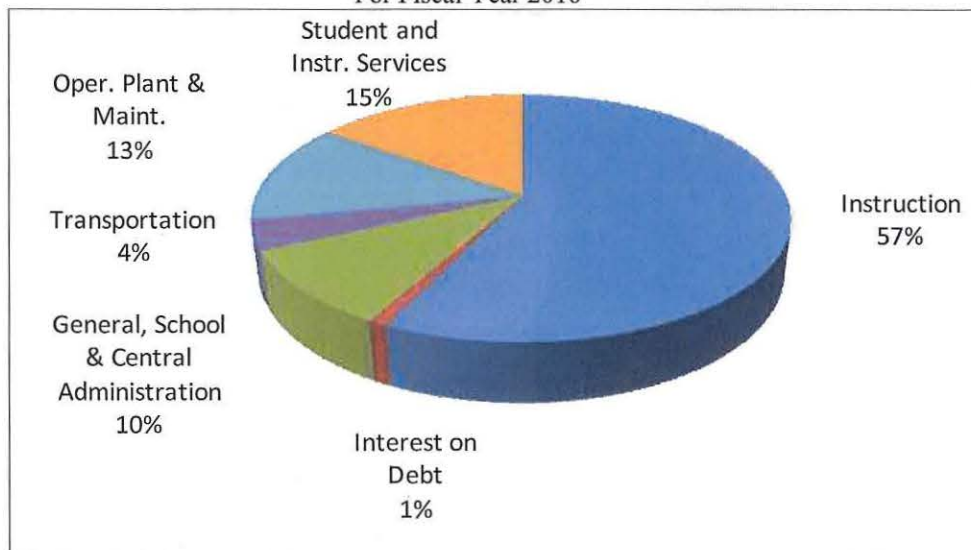
The total cost of all governmental activities programs and services was \$22,153,939 for the fiscal year ended June 30, 2016. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$12,622,032 (57%) of total expenses. Support services costs were \$9,259,741 (42%) of total expenses and interest on debt totaled \$272,166 (1%) of total expenses.

For fiscal year 2016, total governmental activities revenues exceeded expenses and transfers out increasing net position for governmental activities by \$743,870 from the previous year.

Revenues by Sources – Governmental Activities  
For Fiscal Year 2016



Expenses by Use – Governmental Activities  
For Fiscal Year 2016



FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2016

**Total and Net Cost of Governmental Activities.** The District's total cost of services was \$22,153,939. After applying program revenues, derived from operating and capital grants and contributions of \$5,023,009, and charges for services of \$215,840, the net cost of services of the District is \$16,915,090 for the fiscal year ended June 30, 2016.

**Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2016 and 2015**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Instruction				
Regular	\$ 8,312,608	\$ 8,124,418	\$ 6,092,705	\$ 6,117,074
Special Education	3,884,339	3,320,865	2,474,037	1,889,923
Other Instruction	216,185	119,197	149,531	76,615
School Sponsored Activities and Athletics	208,900	172,524	208,900	172,524
Support Services	-	-	-	-
Student and Instruction Related Services	3,203,838	3,117,108	2,497,111	2,561,110
General Administrative Services	653,608	587,964	565,841	587,964
School Administrative Services	1,072,812	1,020,387	863,330	843,835
Central Services	576,944	536,395	501,846	474,804
Plant Operations and Maintenance	2,781,829	2,578,129	2,540,685	2,275,489
Pupil Transportation	970,710	1,006,013	748,938	834,368
Interest on Debt	272,166	301,548	272,166	301,548
<b>Total</b>	<b>\$ 22,153,939</b>	<b>\$ 20,884,548</b>	<b>\$ 16,915,090</b>	<b>\$ 16,135,254</b>

**Business-Type Activities** – The District's total business-type activities revenues were \$9,436 for the fiscal year ended June 30, 2016. Charges for services accounted for 100% of total revenues.

Total cost of all business-type activities programs and services was \$14,847 for the fiscal year ended June 30, 2016.

There were transfers of \$3,601 from governmental activities during the year.

For fiscal year 2016, 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, 2016

**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 \$1,931,314 at June 30, 2016, an increase of \$41,486 from last year's fund balance of \$1,889,828. This increase was mainly attributable to revenues which exceeded budget estimates as well as expenditures which were less than amounts budgeted for the 2015/2016 school year in the general fund. These amounts were offset by capital project fund expenditures during the current year.

Revenues for the District's governmental funds were \$20,678,694, while total expenditures were \$20,633,607 for the fiscal year ended June 30, 2016.

**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, 2016</u>	<u>June 30, 2015</u>		
Local Sources				
Property Taxes	\$ 16,414,276	\$ 16,092,428	\$ 321,848	2%
Other	407,217	412,449	(5,232)	-1%
State Sources	<u>2,264,971</u>	<u>2,145,048</u>	<u>119,923</u>	6%
 Total General Fund Revenues	 <u>\$ 19,086,464</u>	 <u>\$ 18,649,925</u>	 <u>\$ 436,539</u>	 2%

For fiscal year 2016, total General Fund revenues increased \$436,539 or 2% from the previous year. Property taxes increased \$321,848 or 2% to support increases in operating costs. As indicated, State aid increased \$119,923 or 6% mainly due to increases in on behalf TPAF pension benefit contributions.

The following schedule presents a summary of General Fund expenditures.

	<u>Fiscal Year Ended</u>		Amount of Increase (Decrease)	Percent Change
	<u>June 30, 2016</u>	<u>June 30, 2015</u>		
Instruction	\$ 10,721,007	\$ 10,203,930	\$ 517,077	5%
Support Services	7,884,044	7,729,742	154,302	2%
Capital Outlay	<u>108,687</u>	<u>152,364</u>	<u>(43,677)</u>	-29%
 Total Expenditures	 <u>\$ 18,713,738</u>	 <u>\$ 18,086,036</u>	 <u>\$ 627,702</u>	 3%

For fiscal year 2016, total General Fund expenditures increased \$627,702 or 3% from the previous year. Notable increases during the year were attributed to increases in special education costs and employee benefit costs.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2016

**GENERAL FUND (Continued)**

In fiscal year 2016 General Fund revenues exceeded expenditures and other financing uses by \$369,125. Therefore, total fund balance increased to \$1,840,886 at June 30, 2016. After deducting restricted and assigned fund balances, the unassigned fund balance increased from \$249,176 at June 30, 2015 to \$303,854 at June 30, 2016. In addition, the District increased its restricted fund balances for capital reserve and maintenance reserve by \$200,000 and \$60,000 respectively at year end.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of fiscal year 2016, the District had \$15,204,862 invested in land, buildings, furniture, equipment and vehicles for governmental activities. Depreciation charges for fiscal year 2015-2016 amounted to \$670,585 for governmental activities. The following is a comparison of the June 30, 2016 and 2015 balances:

Capital Assets as of June 30, 2016 and 2015		<u>Governmental Activities</u>	
		<u>2016</u>	<u>2015</u>
Land	\$	1,156,663	\$ 1,156,663
Construction in Progress		-	167,351
Land Improvements		1,369,190	1,369,190
Buildings and Building Improvements		24,151,599	23,331,877
Machinery and Equipment		<u>1,972,363</u>	<u>2,462,419</u>
		28,649,815	28,487,500
<b>Less Accumulated Depreciation</b>		<u>(13,444,953)</u>	<u>(13,266,804)</u>
<b>Total</b>	<b>\$</b>	<b><u>15,204,862</u></b>	<b>\$ <u>15,220,696</u></b>

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

**LONG TERM LIABILITIES**

At June 30, 2016 the District had \$11,796,031 of total outstanding long term liabilities. Of this amount, \$6,456,204 is for serial bonds, \$187,606 is for compensated absences and \$5,152,221 is for the District's net pension liability. For fiscal year 2015-2016 total outstanding long-term liabilities decreased by \$288,995. The following is a comparison of the June 30, 2016 and 2015 balances:

Outstanding Long-Term Debt as of June 30, 2016 and 2015		<u>Governmental Activities</u>	
		<u>2016</u>	<u>2015</u>
Serial Bonds (Including Original Issue Premium)	\$	6,456,204	\$ 7,267,959
Compensated Absences		187,606	177,726
Net Pension Liability		<u>5,152,221</u>	<u>4,639,341</u>
<b>Total</b>	<b>\$</b>	<b><u>11,796,031</u></b>	<b>\$ <u>12,085,026</u></b>

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, 2016

### **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 2016 General Fund budgetary revenues exceeded budgetary expenditures and other financing uses increasing budgetary fund balance by \$394,381 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$79,934, from \$334,726 at June 30, 2015 to \$414,660 at June 30, 2016. In addition, the District increased its capital reserve \$200,000 from \$669,755 at June 30, 2015 to \$869,755 at June 30, 2016. The District also established a maintenance reserve of \$60,000 at June 30, 2016.

### **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 2016-2017 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 2016-2017. Budgeted expenditures in the General Fund increased approximately 3% to \$17,780,811 for fiscal year 2016-2017. Overall contractual salary requirements remained relatively unchanged, an increase in special education costs, employee benefit costs and capital outlay appropriations was the main factor for the increase in the 2016-2017 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, 2016**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,801,305		\$ 1,801,305
Receivables, net	292,393		292,393
Capital Assets, Not Being Depreciated	1,156,663		1,156,663
Capital Assets, Being Depreciation, Net	<u>14,048,199</u>	<u>\$ 11,746</u>	<u>14,059,945</u>
Total Assets	<u>17,298,560</u>	<u>11,746</u>	<u>17,310,306</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	230,333		230,333
Deferred Amounts on Net Pension Liability	<u>676,221</u>	<u>-</u>	<u>676,221</u>
Total Deferred Outflows of Resources	<u>906,554</u>	<u>-</u>	<u>906,554</u>
Total Assets and Deferred Outflows of Resources	<u>18,205,114</u>	<u>11,746</u>	<u>18,216,860</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	70,588		70,588
Payable to Other Governments	20,219		20,219
Accrued Interest Payable	124,761		124,761
Unearned Revenue	71,577		71,577
Noncurrent Liabilities			
Due Within One Year	790,000		790,000
Due Beyond One Year	<u>11,006,031</u>	<u>-</u>	<u>11,006,031</u>
Total Liabilities	<u>12,083,176</u>	<u>-</u>	<u>12,083,176</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>516,434</u>	<u>-</u>	<u>516,434</u>
Total Deferred Inflows of Resources	<u>516,434</u>	<u>-</u>	<u>516,434</u>
Total Liabilities and Deferred Inflows of Resources	<u>12,599,610</u>	<u>-</u>	<u>12,599,610</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	8,978,991	11,746	8,990,737
Restricted for			
Capital Projects	960,183		960,183
Plant Maintenance	60,000		60,000
Unrestricted	<u>(4,393,670)</u>	<u>-</u>	<u>(4,393,670)</u>
Total Net Position	<u>\$ 5,605,504</u>	<u>\$ 11,746</u>	<u>\$ 5,617,250</u>

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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 8,312,608	\$ 42,000	\$ 2,177,903		\$ (6,092,705)		\$ (6,092,705)
Special Education	3,884,339		1,410,302		(2,474,037)		(2,474,037)
Other Instruction	216,185		66,654		(149,531)		(149,531)
School Sponsored Activities and Athletics	208,900				(208,900)		(208,900)
Support Services							
Student and Instruction Related Services	3,203,838		706,727		(2,497,111)		(2,497,111)
General Administrative Services	653,608		87,767		(565,841)		(565,841)
School Administrative Services	1,072,812		209,482		(863,330)		(863,330)
Central Administrative Services	576,944		75,098		(501,846)		(501,846)
Plant Operations and Maintenance	2,781,829		22,719	\$ 218,425	(2,540,685)		(2,540,685)
Pupil Transportation	970,710	173,840	47,932		(748,938)		(748,938)
Interest on Debt	272,166	-	-	-	(272,166)	-	(272,166)
Total Governmental Activities	<u>22,153,939</u>	<u>215,840</u>	<u>4,804,584</u>	<u>218,425</u>	<u>(16,915,090)</u>	<u>-</u>	<u>(16,915,090)</u>
<b>Business-Type Activities</b>							
Food Service	14,847	9,436	-	-	-	\$ (5,411)	(5,411)
Total Business-Type Activities	<u>14,847</u>	<u>9,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,411)</u>	<u>(5,411)</u>
Total Primary Government	<u>\$ 22,168,786</u>	<u>\$ 225,276</u>	<u>\$ 4,804,584</u>	<u>\$ 218,425</u>	<u>(16,915,090)</u>	<u>(5,411)</u>	<u>(16,920,501)</u>
<b>General Revenues</b>							
Taxes							
Property Tax, Levied for General Purposes					16,414,276		16,414,276
Property Tax, Levied for Debt Service					1,047,156		1,047,156
Unrestricted State Aid					9,752		9,752
Investment Earnings					6,930		6,930
Miscellaneous Income					184,447		184,447
Transfers					(3,601)	3,601	-
Total General Revenues and Transfers					<u>17,658,960</u>	<u>3,601</u>	<u>17,662,561</u>
Change in Net Position					743,870	(1,810)	742,060
Net Position, Beginning of Year					<u>4,861,634</u>	<u>13,556</u>	<u>4,875,190</u>
Net Position, End of Year					<u>\$ 5,605,504</u>	<u>\$ 11,746</u>	<u>\$ 5,617,250</u>

**FUND FINANCIAL STATEMENTS**

**FLORHAM PARK BOARD OF EDUCATION**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**AS OF JUNE 30, 2016**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,767,650		\$ 33,655		\$ 1,801,305
Receivables from Other Governments	100,062	\$ 66,079	117,059		283,200
Due from Other Funds	30,943	-	-	-	30,943
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 1,898,655</u>	<u>\$ 66,079</u>	<u>\$ 150,714</u>	<u>\$ -</u>	<u>\$ 2,115,448</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 56,766	\$ 12,819			\$ 69,585
Intergovernmental Payable - State		18,706			18,706
Intergovernmental Payable - Federal		1,513			1,513
Due to Other Funds	1,003	21,750			22,753
Unearned Revenue	-	11,291	\$ 60,286	-	71,577
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>57,769</u>	<u>66,079</u>	<u>60,286</u>	<u>-</u>	<u>184,134</u>
Fund Balances					
Restricted					
Capital Reserve	769,755				769,755
Capital Reserve - Designated for Subsequent Year's Expenditures	100,000				100,000
Maintenance Reserve	60,000				60,000
Emergency Reserve	250,000				250,000
Excess Surplus	49,710				49,710
Capital Projects			90,428		90,428
Assigned					
Year End Encumbrances Designated for Subsequent Year Expenditures	227,567				227,567
	80,000				80,000
Unassigned	303,854	-	-	-	303,854
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>1,840,886</u>	<u>-</u>	<u>90,428</u>	<u>-</u>	<u>1,931,314</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balances	<u>\$ 1,898,655</u>	<u>\$ 66,079</u>	<u>\$ 150,714</u>	<u>\$ -</u>	<u>\$ 2,115,448</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, 2016**

<b>Total Fund Balances (Exhibit B-1)</b>		<b>\$ 1,931,314</b>
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$28,649,815 and the accumulated depreciation is \$13,444,953.		15,204,862
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.		230,333
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	\$ 676,221	
Deferred Inflows of Resources	<u>(516,434)</u>	159,787
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(124,761)
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	\$ 6,456,204	
Compensated Absences	187,606	
Net Pension Liability	<u>5,152,221</u>	<u>(11,796,031)</u>
<b>Total Net Position of Governmental Activities (Exhibit A-1)</b>		<b><u>\$ 5,605,504</u></b>

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

**FLORHAM PARK BOARD OF EDUCATION**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 16,414,276			\$ 1,047,156	\$ 17,461,432
Tuition	42,000				42,000
Transportation Fees	173,840				173,840
Interest	6,930				6,930
Miscellaneous	<u>184,447</u>	<u>\$ 9,638</u>	<u>-</u>	<u>-</u>	<u>194,085</u>
Total - Local Sources	16,821,493	9,638	-	1,047,156	17,878,287
State Sources	2,264,971	36,156	\$ 218,425		2,519,552
Federal Sources	<u>-</u>	<u>280,855</u>	<u>-</u>	<u>-</u>	<u>280,855</u>
Total Revenues	<u>19,086,464</u>	<u>326,649</u>	<u>218,425</u>	<u>1,047,156</u>	<u>20,678,694</u>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular	7,085,041	1,642			7,086,683
Special Education	3,253,937	188,073			3,442,010
Other Instruction	175,129	8,934			184,063
School-Sponsored Activities and Athletics	206,900				206,900
Support Services					
Student and Instruction Related Services	2,741,268	120,275			2,861,543
General Administrative Services	603,354				603,354
School Administrative Services	948,944				948,944
Central Services	531,707				531,707
Plant Operations and Maintenance	2,113,029	7,725			2,120,754
Student Transportation Services	945,742				945,742
Debt Service					
Principal				760,000	760,000
Interest and Other Charges				287,156	287,156
Capital Outlay	<u>108,687</u>	<u>-</u>	<u>546,064</u>	<u>-</u>	<u>654,751</u>
Total Expenditures	<u>18,713,738</u>	<u>326,649</u>	<u>546,064</u>	<u>1,047,156</u>	<u>20,633,607</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>372,726</u>	<u>-</u>	<u>(327,639)</u>	<u>-</u>	<u>45,087</u>
<b>OTHER FINANCING USES</b>					
Transfers Out	<u>(3,601)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,601)</u>
Total Other Financing Uses	<u>(3,601)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,601)</u>
Net Change in Fund Balances	369,125	-	(327,639)	-	41,486
Fund Balance, Beginning of Year	<u>1,471,761</u>	<u>-</u>	<u>418,067</u>	<u>-</u>	<u>1,889,828</u>
Fund Balance, End of Year	<u>\$ 1,840,886</u>	<u>\$ -</u>	<u>\$ 90,428</u>	<u>\$ -</u>	<u>\$ 1,931,314</u>

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, 2016**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ 41,486

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

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

Capital Outlay	\$ 654,751	
Depreciation Expense	<u>(670,585)</u>	
		(15,834)

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):

Increase in Compensated Absences	(9,880)	
Increase in Pension Expense	<u>(46,892)</u>	
		(56,772)

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		760,000
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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	51,755	
Amortization of Deferred Amounts on Refunding	<u>(50,469)</u>	
		1,286

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>13,704</u>
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**Change in net position of governmental activities (Exhibit A-2)** \$ 743,870

FLORHAM PARK BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016

	<u>Non-Major Enterprise Fund Food Service</u>
<b>ASSETS</b>	
Non-Current Assets	
Capital Assets	
Equipment	\$ 116,396
Less: Accumulated Depreciation	<u>(104,650)</u>
Total Non-Current Assets	<u>11,746</u>
Total Assets	<u>11,746</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	<u>11,746</u>
Total Net Position	<u>\$ 11,746</u>

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

**FLORHAM PARK BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Non-Major Enterprise Fund <u>Food Service</u></b>
<b>OPERATING REVENUES</b>	
Local Sources	
Daily Sales	\$ <u>9,436</u>
Total Operating Revenues	<u>9,436</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales	11,505
Other Purchased Services	1,532
Depreciation	<u>1,810</u>
Total Operating Expenses	<u>14,847</u>
Operating Loss Before Transfer	(5,411)
Transfer In	<u>3,601</u>
Changes in Net Position	(1,810)
Net Position, Beginning of Year	<u>13,556</u>
Net Position, End of Year	<u><u>\$ 11,746</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, 2016**

	<b>Non-Major Enterprise Fund <u>Food Service</u></b>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 9,436
Cash Payments to Suppliers for Goods and Services	<u>(13,037)</u>
Net Cash (Used for) Operating Activities	<u>(3,601)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund	<u>3,601</u>
Net Cash Provided by Noncapital Financing Activities	<u>3,601</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>(5,411)</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>\$ (3,601)</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, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 70,932	\$ 5,533	\$ 169,135
Due from Other Funds	<u>6,220</u>	<u>-</u>	<u>-</u>
Total Assets	<u>77,152</u>	<u>5,533</u>	<u>\$ 169,135</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 90,581
Flex Spending Deposits			5,443
Due to Other Funds			14,410
Intergovernmental Payable - State	109		
Due to Student Groups	<u>-</u>	<u>-</u>	<u>58,701</u>
Total Liabilities	<u>109</u>	<u>-</u>	<u>\$ 169,135</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 77,043</u>	<u>\$ 5,533</u>	

**FLORHAM PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
<b>ADDITIONS</b>		
Contributions		
Board	\$ 25,000	
Employees	18,261	
Investment Earnings		
Interest	<u>114</u>	<u>\$ 14</u>
 Total Additions	 <u>43,375</u>	 <u>14</u>
<b>DEDUCTIONS</b>		
Scholarship Awards		175
Unemployment Claims and Contributions	<u>19,422</u>	<u>-</u>
 Total Deductions	 <u>19,422</u>	 <u>175</u>
 Change in Net Position	 23,953	 (161)
Net Position, Beginning of Year	<u>53,090</u>	<u>5,694</u>
Net Position, End of Year	<u>\$ 77,043</u>	<u>\$ 5,533</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, 2016**

**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 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*, 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 applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 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.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 No. 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 No. 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 No. 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 No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**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, 2016**

**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, 2016**

**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 type:

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

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.

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.



**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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 Board'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.

**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.

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 (Continued)**

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

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

**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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board 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.

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one item 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 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; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. 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, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**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 gross of the applicable bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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***

**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.)

*Capital Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

*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.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Governmental Fund Statements (Continued)**

**Restricted Fund Balance (Continued)**

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

**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 2016/2017 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 1<sup>st</sup> 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.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses (Continued)**

**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 2014-2015 and 2015-2016 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.

**4. *Proprietary Funds, Operating and Nonoperating 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.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

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 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$308,848. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of \$7,200 and \$24,368 from the general fund were made on October 19, 2015 and January 25, 2016, respectively.

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

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

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 669,755
Increased by	
Deposits Approved by Board Resolution	<u>200,000</u>
Balance, June 30, 2016	<u>\$ 869,755</u>

Of the capital reserve balance at June 30, 2016 \$100,000 was designated and appropriated in the 2016/2017 original budget certified for taxes.

**C. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Increased by	
Deposits Approved by Board Resolution	<u>\$ 60,000</u>
Balance, June 30, 2016	<u>\$ 60,000</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$994,136.



**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**D. 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, 2016 is as follows:

Balance, July 1, 2015	<u>\$ 250,000</u>
Balance, June 30, 2016	<u>\$ 250,000</u>

**E. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$49,710. This amount will be appropriated in the 2017/2018 original budget certified for taxes.

**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.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

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, 2016, the book value of the Board's deposits were \$2,046,905 and bank and brokerage firm balances of the Board's deposits amounted to \$2,292,135. 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	\$ 2,292,135

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, 2016 none of 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, 2016, the Board had no outstanding investments.

**B. Receivables**

Receivables as of June 30, 2016 for the district's individual major funds, in the aggregate, 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		\$ 64,359		\$ 64,359
State	\$ 34,744		\$ 117,059	151,803
Local	65,318	1,720	-	67,038
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	100,062	66,079	117,059	283,200
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 100,062</u>	<u>\$ 66,079</u>	<u>\$ 117,059</u>	<u>\$ 283,200</u>

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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:

Special Revenue Fund		
Unencumbered Grant Draw Downs	\$	11,291
Capital Projects Fund		
Unrealized School Facilities Grants		<u>60,286</u>
Total Unearned Revenue for Governmental Funds	\$	<u>71,577</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance, July 1, 2015	Increases	Decreases	Balance, June 30, 2016
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,156,663			\$ 1,156,663
Construction in Progress	<u>167,351</u>	\$ 652,371	\$ (819,722)	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>1,324,014</u>	<u>652,371</u>	<u>(819,722)</u>	<u>1,156,663</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,369,190			1,369,190
Building and Building Improvements	23,331,877	819,722		24,151,599
Machinery and Equipment	<u>2,462,419</u>	<u>2,380</u>	<u>(492,436)</u>	<u>1,972,363</u>
Total Capital Assets Being Depreciated	<u>27,163,486</u>	<u>822,102</u>	<u>(492,436)</u>	<u>27,493,152</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,116,459)	(54,995)		(1,171,454)
Building and Building Improvements	(9,934,666)	(575,550)		(10,510,216)
Machinery and Equipment	<u>(2,215,679)</u>	<u>(40,040)</u>	<u>492,436</u>	<u>(1,763,283)</u>
Total Accumulated Depreciation	<u>(13,266,804)</u>	<u>(670,585)</u>	<u>492,436</u>	<u>(13,444,953)</u>
Total Assets, Being Depreciation, Net	<u>13,896,682</u>	<u>151,517</u>	<u>-</u>	<u>14,048,199</u>
Government Activities Capital Assets, Net	<u>\$ 15,220,696</u>	<u>\$ 803,888</u>	<u>\$ (819,722)</u>	<u>\$ 15,204,862</u>

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2016</u>
<b>Business-Type Activities:</b>				
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	<u>(102,840)</u>	\$ (1,810)	-	<u>(104,650)</u>
Total Accumulated Depreciation	<u>(102,840)</u>	<u>(1,810)</u>	<u>-</u>	<u>(104,650)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,556</u>	<u>(1,810)</u>	<u>-</u>	<u>11,746</u>
Business-Type Activities Capital Assets, Net	<u>\$ 13,556</u>	<u>\$ (1,810)</u>	<u>\$ -</u>	<u>\$ 11,746</u>

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

**Governmental Activities:**

Instruction		
Regular		\$ 3,464
Total Instruction		<u>3,464</u>
Support Services		
School Administrative Services		1,350
Plant Operations and Maintenance		647,803
Pupil Transportation		17,968
Total Support Services		<u>667,121</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 670,585</u>
<b>Business-Type Activities:</b>		
Food Service Fund		<u>\$ 1,810</u>

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2016, is as follows:

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 21,750
General Fund	Payroll Agency Fund	9,193
Unemployment Compensation Trust Fund	General Fund	1,003
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>5,217</u>
Total		<u>\$ 37,163</u>

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

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

**Interfund transfers**

	<u>Transfer In:</u>
	Enterprise
	<u>Food Service</u>
Transfer Out:	
General Fund	<u>\$ 3,601</u>
Total transfers out	<u>\$ 3,601</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, 2016 were \$35,750. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal</u>	<u>Amount</u>
<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ 35,750
2018	<u>27,248</u>
Total	<u>\$ 62,998</u>

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**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, 2016 are comprised of the following issues:

\$9,185,000, 2009 Bonds, due in annual installments of \$790,000 to \$945,000 through July 15, 2022, interest at 3.50% to 5.00% \$6,220,000

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,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	940,000	98,900	1,038,900
2022-2023	<u>1,885,000</u>	<u>76,675</u>	<u>1,961,675</u>
	<u>\$ 6,220,000</u>	<u>\$ 956,597</u>	<u>\$ 7,176,597</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 89,109,645
Less: Net Debt	<u>6,220,000</u>
Remaining Borrowing Power	<u>\$ 82,889,645</u>

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 6,980,000		\$ 760,000	\$ 6,220,000	\$ 790,000
Add: Original Issue Premium	<u>287,959</u>	-	<u>51,755</u>	<u>236,204</u>	<u>-</u>
Total Bonds Payable	7,267,959	-	811,755	6,456,204	790,000
Compensated Absences	177,726	\$ 9,880		187,606	-
Net Pension Liability	<u>4,639,341</u>	<u>710,204</u>	<u>197,324</u>	<u>5,152,221</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 12,085,026</u>	<u>\$ 720,084</u>	<u>\$ 1,009,079</u>	<u>\$ 11,796,031</u>	<u>\$ 790,000</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. 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.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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 respective insurance funds are on file with the School's Business Administrator.

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

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

Fiscal Year Ended <u>June 30,</u>	District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2016	\$ 25,000	\$ 18,261	\$ 19,422	\$ 77,043
2015	None	16,866	19,601	53,090
2014	35,000	15,194	33,051	55,701

**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 except as noted below.

**Pending Litigation** – The Florham Park Board of Education ("Board") is currently a Defendant in a United States District Court action (DKT No. 2:15-cv-07842-MAH) that appeals the underlying administrative decision. The underlying administrative action arose from a parent request for due process under the Individuals with Disabilities Education Improvement Act ("IDEA") seeking reimbursement for their unilateral placement of their son at a private school. The parents also sought reimbursement for their attorney's fees and expert costs. This matter was disposed of by summary judgment. The Administrative Law Judge ("ALJ") found that the Florham Park School District provided the student with a free appropriate public education and therefore dismissed the parents' request for due process. The parents thereafter appealed the ALJ's decision with the U.S. District Court for the District of New Jersey. It is the Borough Attorney's opinion that the Board has a strong case based upon the administrative record and standard of review, which is a modified de novo review with deference to the ALJ's findings. Nevertheless, in the event that the Magistrate Judge disagrees with the ALJ and finds in favor of the parents, the Board would be liable to pay for the two years of private tuition, the parents' attorneys' fees and the parents' expert costs. These costs could exceed \$200,000.

**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, 2016, 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.



**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**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, 2016, 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.

**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.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Other Pension Funds (Continued)**

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](http://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](http://www.state.nj.us/treasury/doinvest).

**Funding Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 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.

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2014 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 2.60-9.48 percent based on age for the PERS and varying percentages based on experience 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 6.92% for PERS, 6.92% 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, 2016 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.

During the fiscal years ended June 30, 2016, 2015 and 2014 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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 197,324	\$ 533,727	\$ 16,575
2015	204,276	386,152	15,124
2014	197,018	309,416	8,833

For fiscal years 2015/2016 and 2014/2015, the state contributed \$533,727 and \$386,152, 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.

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Annual Pension Costs (APC) (Continued)**

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$560,082 during the fiscal year ended June 30, 2016 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, 2016, the District reported in the statement of net position (accrual basis) a liability of \$5,152,221 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 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, 2015, the District's proportionate share was .02295 percent, which was a decrease of .00183 percent from its proportionate share measured as of June 30, 2014 of .02478 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$244,216 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b>2015</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 122,914	
Changes of Assumptions	553,307	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 82,838
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	433,596
Total	<u>\$ 676,221</u>	<u>\$ 516,434</u>

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**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)**

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>	
2017	\$ 13,090
2018	13,090
2019	13,090
2020	82,209
2021	<u>38,308</u>
	<u>\$ 159,787</u>

***Actuarial Assumptions***

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<b><u>PERS</u></b>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 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  
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**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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

***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	4.90%

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**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)**

*Discount Rate (Continued)*

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return                      Through June 30, 2033

Municipal Bond Rate \*    From July 1, 2033  
and Thereafter

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

*Sensitivity of Net Pension Liability*

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	<b>1% Decrease <u>(3.90%)</u></b>	<b>Current Discount Rate <u>(4.90%)</u></b>	<b>1% Increase <u>(5.90%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 6,403,580</u>	<u>\$ 5,152,221</u>	<u>\$ 4,103,090</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

*Pension Plan Fiduciary Net Position*

Detailed information about the PERS 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](http://www.state.nj.us/treasury/pensions).

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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% of the net pension liability attributable to the District 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, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,756,443 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, 2016 the State's proportionate share of the net pension liability attributable to the District is \$45,143,920. 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, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .07143 percent, which was a decrease of .00171 percent from its proportionate share measured as of June 30, 2014 of .07314 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. 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 Study Upon Which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012

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, 2016**

**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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**FLORHAM PARK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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)**

***Discount Rate***

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit	
Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	<b>1% Decrease (3.13%)</b>	<b>Current Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 53,651,862</u>	<u>\$ 45,143,920</u>	<u>\$ 37,813,819</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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](http://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 2015.

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](http://www.state.nj.us/treasury/pensions).

**FLORHAM PARK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 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, 2014, 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, 2016**

**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, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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, 2016, 2015 and 2014 were \$635,522, \$613,016 and \$507,327, 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.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGET COMPARISON SCHEDULES**

**BUDGETARY COMPARISON SCHEDULES**

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 16,414,276		\$ 16,414,276	\$ 16,414,276	
Tuition	140,000		140,000	42,000	\$ (98,000)
Transportation Fees From Individuals	43,000		43,000	48,338	5,338
Transportation Fees From Other LEA's	50,000		50,000	125,502	75,502
Interest				6,930	6,930
Miscellaneous	60,395	-	60,395	184,447	124,052
<b>Total Local Sources</b>	<u>16,707,671</u>	<u>-</u>	<u>16,707,671</u>	<u>16,821,493</u>	<u>113,822</u>
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				66,732	66,732
Additional Nonpublic Transportation Aid				8,240	8,240
On-behalf TPAF Pension Payments - Pension Contribution (Non-Budget)				508,402	508,402
NCGI Premium (Non-Budget)				25,325	25,325
On-behalf TPAF OPEB Payments - Post Retirement Medical Benefits (Non-Budget)				635,522	635,522
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	560,082	560,082
<b>Total State Sources</b>	<u>485,924</u>	<u>-</u>	<u>485,924</u>	<u>2,290,227</u>	<u>1,804,303</u>
<b>Total Revenues</b>	<u>17,193,595</u>	<u>-</u>	<u>17,193,595</u>	<u>19,111,720</u>	<u>1,918,125</u>
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	54,286	\$ 2,432	56,718	56,718	
Kindergarten	313,640	5,041	318,681	318,681	
Grades 1-5	2,190,397	(104,239)	2,086,158	2,075,662	10,496
Grades 6-8	1,868,709	(68,870)	1,799,839	1,774,450	25,389
Regular Program - Home Instruction					
Salaries of Teachers	10,000	(7,000)	3,000	1,410	1,590
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction		5,112	5,112	5,112	
Purchased Professional/Educational Services	14,600	(2,416)	12,184	10,224	1,960
Purchased Technical Services	52,470	(1,608)	50,862	50,862	
Other Purchased Services	127,150	17,964	145,114	144,902	212
General Supplies	339,817	50,752	390,569	371,562	19,007
Textbooks	2,600	62,048	64,648	64,191	457
Other Objects	11,400	(1,000)	10,400	9,446	954
<b>Total Regular Programs</b>	<u>4,985,069</u>	<u>(41,784)</u>	<u>4,943,285</u>	<u>4,883,220</u>	<u>60,065</u>
Special Education Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	63,886	365	64,251	64,251	
Other Salaries for Instruction	28,650	(6,429)	22,221	21,905	316
General Supplies	2,325	318	2,643	1,918	725
Textbooks	400	-	400	377	23
<b>Total Learning and/or Language Disabilities</b>	<u>95,261</u>	<u>(5,746)</u>	<u>89,515</u>	<u>88,451</u>	<u>1,064</u>



**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 1,331,909	\$ 47,225	\$ 1,379,134	\$ 1,379,134	
Other Salaries for Instruction	343,782	52,686	396,468	396,468	
General Supplies	3,025	(605)	2,420	2,420	
Textbooks	500	(500)	-	-	-
<b>Total Resource Room</b>	<b>1,679,216</b>	<b>98,806</b>	<b>1,778,022</b>	<b>1,778,022</b>	<b>-</b>
Preschool Disabilities - Full-Time					
Salaries of Teachers	56,940	53	56,993	56,993	
Other Salaries for Instruction	65,181	53,825	119,006	119,006	
General Supplies	1,600	3,554	5,154	1,399	\$ 3,755
<b>Total Preschool Disabilities - Full-Time</b>	<b>123,721</b>	<b>57,432</b>	<b>181,153</b>	<b>177,398</b>	<b>3,755</b>
<b>Total Special Education</b>	<b>1,898,198</b>	<b>150,492</b>	<b>2,048,690</b>	<b>2,043,871</b>	<b>4,819</b>
Basic Skills/Remedial					
Salaries of Teachers	41,000	12,177	53,177	50,185	2,992
General Supplies	950	(145)	805	324	481
<b>Total Basic Skills/Remedial</b>	<b>41,950</b>	<b>12,032</b>	<b>53,982</b>	<b>50,509</b>	<b>3,473</b>
Bilingual Education - Instruction					
Salaries of Teachers	58,108	3,138	61,246	61,246	
General Supplies	350	(190)	160	155	5
<b>Total Bilingual Education - Instruction</b>	<b>58,458</b>	<b>2,948</b>	<b>61,406</b>	<b>61,401</b>	<b>5</b>
School Sponsored Co/Extra Curricular Activities					
Salaries	68,475	8,986	77,461	77,461	
Supplies and Materials	9,000	(2,226)	6,774	6,774	-
<b>Total School Sponsored Co/Extra Curricular Activities</b>	<b>77,475</b>	<b>6,760</b>	<b>84,235</b>	<b>84,235</b>	<b>-</b>
School Sponsored Athletics					
Salaries	35,000	9,944	44,944	44,944	
Purchased Services	12,550	(336)	12,214	12,214	
Supplies and Materials	4,640	4,172	8,812	8,812	
Other Objects	1,600	(505)	1,095	1,095	-
<b>Total School Sponsored Athletics</b>	<b>53,790</b>	<b>13,275</b>	<b>67,065</b>	<b>67,065</b>	<b>-</b>
Other Instructional Programs					
Salaries	10,000	(7,300)	2,700	2,700	
Supplies and Materials	1,900	179	2,079	1,950	129
<b>Total Other Instructional Programs</b>	<b>11,900</b>	<b>(7,121)</b>	<b>4,779</b>	<b>4,650</b>	<b>129</b>
<b>Total Instruction</b>	<b>7,126,840</b>	<b>136,602</b>	<b>7,263,442</b>	<b>7,194,951</b>	<b>68,491</b>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	176,000	-	176,000	86,669	89,331
Tuition to Priv. Sch. for the Disabled Within the State	230,000	(37,500)	192,500	109,349	83,151
<b>Total Undistributed Expenditures - Instruction</b>	<b>406,000</b>	<b>(37,500)</b>	<b>368,500</b>	<b>196,018</b>	<b>172,482</b>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 259,200	\$ 23,664	\$ 282,864	\$ 282,864	
Purchased Professional-Technical Services	6,000	2,352	8,352	8,352	
Other Purchased Services	2,300	(76)	2,224	2,048	\$ 176
Supplies and Materials	6,040	(2,276)	3,764	3,286	478
Other Objects	150	-	150	100	50
Total Health Services	273,690	23,664	297,354	296,650	704
Speech, OT, PT and Related Services					
Salaries	446,000	(35,960)	410,040	408,665	1,375
Purchased Professional-Educational Services	78,100	4,280	82,380	71,132	11,248
Supplies and Materials	9,310	(2,375)	6,935	4,439	2,496
Total Speech, OT, PT and Related Services	533,410	(34,055)	499,355	484,236	15,119
Other Support Services-Students-Extra Serv.					
Salaries	34,775	(6,114)	28,661	28,661	-
Total Other Support Services - Students - Extra Serv.	34,775	(6,114)	28,661	28,661	-
Guidance					
Salaries of Other Professional Staff	174,409	1	174,410	174,410	
Salaries of Secretarial and Clerical Assistants	35,517	213	35,730	35,730	
Other Purchased Professional and Tech. Services	42,150	(2,593)	39,557	37,225	2,332
Other Purchased Services	350		350	350	350
Supplies and Materials	5,835	(1,259)	4,576	3,218	1,358
Total Guidance	258,261	(3,638)	254,623	250,583	4,040
Child Study Team					
Salaries of Other Professional Staff	376,049	16,659	392,708	392,708	
Salaries of Secretarial and Clerical Assistants	69,000	1,000	70,000	69,931	69
Other Purchased Professional and Tech. Services	21,950	(10,299)	11,651	10,401	1,250
Other Purchased Services	10,000	(1,501)	8,499	8,321	178
Supplies and Materials	15,900	(2,119)	13,781	13,292	489
Other Objects	1,200	85	1,285	1,285	-
Total Child Study Team	494,099	3,825	497,924	495,938	1,986
Improvement of Instructional Services					
Salaries of Other Professional Staff	45,500	3,640	49,140	49,140	
Salaries of Secretarial & Clerical Assist	22,311	(3,629)	18,682	18,682	
Other Salaries	24,000	6,666	30,666	30,666	
Supplies and Materials		2,138	2,138	2,138	
Other Objects	-	820	820	820	-
Total Improvement of Instructional Services	91,811	9,635	101,446	101,446	-
Educational Media Services/School Library					
Salaries	157,351	(48,985)	108,366	106,644	1,722
Other Purchased Services	50		50	50	50
Supplies and Materials	18,575	-	18,575	6,947	11,628
Total Educational Media Serv./School Library	175,976	(48,985)	126,991	113,591	13,400
Instructional Staff Training Services					
Salaries of Other Professional Staff	45,500	1,140	46,640	46,640	
Other Salaries	15,000	9,707	24,707	24,707	
Purchased Professional/Educational Services	117,100	(42,826)	74,274	67,567	6,707
Other Purchased Services	9,000	(2,389)	6,611	4,583	2,028
Supplies and Materials		711	711	711	
Other Objects	430	-	430	289	141
Total Staff Training Services	187,030	(33,657)	153,373	144,497	8,876

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 246,636	\$ (9,152)	\$ 237,484	\$ 237,064	420
Legal Services	40,000	25,541	65,541	65,541	
Audit Fees	24,500	25,000	49,500	24,500	25,000
Other Purchased Professional Services	14,000	9,863	23,863	17,863	6,000
Communications/Telephone	46,300	6,537	52,837	52,831	6
Miscellaneous Purchased Services	35,800	(1,066)	34,734	34,734	
General Supplies	12,000	2,719	14,719	14,719	
Miscellaneous Expenditures	19,000	(6,642)	12,358	12,159	199
<b>Total Support Services General Administration</b>	<b>438,236</b>	<b>52,800</b>	<b>491,036</b>	<b>459,411</b>	<b>31,625</b>
Support Services School Administration					
Salaries of Principal/Asst. Principals	376,905	11,800	388,705	388,705	
Salaries of Other Professional Staff	20,000	-	20,000	20,000	
Salaries of Secretarial and Clerical Assistants	189,848	9,674	199,522	199,522	
Purchased Professional and Technical Services	1,350	(626)	724	497	227
Other Purchased Services	22,100	8,205	30,305	30,305	
Supplies and Materials	15,925	(11,267)	4,658	4,658	
Other Objects	10,370	(5,478)	4,892	4,892	-
<b>Total Support Services School Administration</b>	<b>636,498</b>	<b>12,308</b>	<b>648,806</b>	<b>648,579</b>	<b>227</b>
Support Services Central Services					
Salaries	254,791	8,123	262,914	262,914	
Purchased Technical Services	22,000	1,380	23,380	23,380	
Miscellaneous Purchased Services	7,500	(5,445)	2,055	2,055	
Supplies and Materials	5,000	1,463	6,463	6,463	
Miscellaneous Expenditures	1,550	17	1,567	1,567	-
<b>Total Support Central School Administration</b>	<b>290,841</b>	<b>5,538</b>	<b>296,379</b>	<b>296,379</b>	<b>-</b>
Admin. Info. Technology					
Salaries	71,528	2,235	73,763	73,763	-
<b>Total Admin. Info. Technology</b>	<b>71,528</b>	<b>2,235</b>	<b>73,763</b>	<b>73,763</b>	<b>-</b>
Required Maintenance for School Facilities					
Salaries	233,770	(164)	233,606	233,606	
Cleaning, Repair and Maintenance Services	198,680	102,266	300,946	279,675	21,271
General Supplies	38,000	(10,280)	27,720	27,668	52
Other Objects	400	100	500	500	-
<b>Total Required Maintenance for School Fac.</b>	<b>470,850</b>	<b>91,922</b>	<b>562,772</b>	<b>541,449</b>	<b>21,323</b>
Custodial Services					
Salaries	520,337	(5,482)	514,855	507,659	7,196
Purchased Prof. And Technical Serv.	56,825	11,252	68,077	67,993	84
Cleaning, Repair and Maint. Serv.	19,225	18,602	37,827	27,827	10,000
Other Purchased Property Services	28,500	2,187	30,687	30,598	89
Insurance	79,000	(221)	78,779	78,779	
Miscellaneous Purchased Services	19,500	2,927	22,427	22,427	
General Supplies	38,500	9,928	48,428	47,518	910
Energy (Natural Gas)	120,000	(32,042)	87,958	65,893	22,065
Energy (Electricity)	260,000	(42,000)	218,000	216,707	1,293
Other Objects	3,170	(1,104)	2,066	2,066	-
<b>Total Custodial Services</b>	<b>1,145,057</b>	<b>(35,953)</b>	<b>1,109,104</b>	<b>1,067,467</b>	<b>41,637</b>
Care and Upkeep of Grounds					
Salaries	66,050	(2,581)	63,469	63,469	
Purchased Professional and Technical Services	2,500	(1,204)	1,296	1,126	170
Cleaning, Repair and Maintenance Svc.	29,700	21,941	51,641	49,490	2,151
General Supplies	20,500	5,569	26,069	24,494	1,575
<b>Total Care and Upkeep of Grounds</b>	<b>118,750</b>	<b>23,725</b>	<b>142,475</b>	<b>138,579</b>	<b>3,896</b>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 109,000		\$ 109,000	\$ 105,551	\$ 3,449
Salaries for Pupil Transportation (Between Home and School) - Regular	70,400	\$ 24,741	95,141	95,141	
Salaries for Pupil Transportation (Between Home and School) - Sp Ed	250,307	(40,000)	210,307	203,695	6,612
Salaries for Pupil Transportation (Between Home and School) - Non-Public	59,000	(4,741)	54,259	49,183	5,076
Management Fee - ESC & CTSA Transp. Prog.	6,000	(3,433)	2,567	1,064	1,503
Other Purchased Prof. and Technical Serv.	2,250	(1,550)	700	582	118
Cleaning, Repair and Maintenance Services	33,000	11,594	44,594	37,859	6,735
Contracted Services - Aid in Lieu of Payments Non-Public	48,500	4,776	53,276	53,276	
Contracted Services (Between Home and School) - Joint Agreements	154,000	(154,000)			
Contracted Services (Spl. Ed. Students) - Joint Agreements		146,905	146,905	146,772	133
Contracted Services (Reg. Students) - ESCs & CTSA	3,000	287	3,287	3,287	
Misc. Purchased Serv. - Transportation	28,000	-	28,000	27,269	731
General Supplies	30,000	(9,602)	20,398	15,361	5,037
Other Objects	1,750	-	1,750	677	1,073
<b>Total Student Transportation Services</b>	<u>795,207</u>	<u>(25,023)</u>	<u>770,184</u>	<u>739,717</u>	<u>30,467</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	250,000	26,252	276,252	274,809	1,443
Other Retirement Contributions - PERS	210,000	(12,676)	197,324	197,324	
Other Retirement Contributions - Regular (DCRP)	11,000	5,676	16,676	16,575	101
Unemployment Compensation	-	25,000	25,000	25,000	
Workers Compensation	101,000	(7,801)	93,199	93,199	
Health Benefits	3,015,000	(28,243)	2,986,757	2,883,225	103,532
Tuition Reimbursement	30,000	(5,184)	24,816	22,080	2,736
Other Employee Benefits	56,500	-	56,500	35,069	21,431
<b>Total Unallocated Benefits - Employee Benefits</b>	<u>3,673,500</u>	<u>3,024</u>	<u>3,676,524</u>	<u>3,547,281</u>	<u>129,243</u>
On-behalf TPAF Pension Payments -					
Pension Contribution (Non-Budget)				508,402	(508,402)
NCGI Premium (Non-Budget)				25,325	(25,325)
On-behalf TPAF OPEB Payments -					
Post Retirement Medical Benefits (Non-Budget)				635,522	(635,522)
On-behalf TPAF Social Security Payments (Non-Budget)					
	-	-	-	560,082	(560,082)
<b>Total On-Behalf Payments</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,729,331</u>	<u>(1,729,331)</u>
<b>Total Undistributed Expenditures</b>	<u>10,095,519</u>	<u>3,751</u>	<u>10,099,270</u>	<u>11,353,576</u>	<u>(1,254,306)</u>
<b>Total Expenditures - Current Expenditures</b>	<u>17,222,359</u>	<u>140,353</u>	<u>17,362,712</u>	<u>18,548,527</u>	<u>(1,185,815)</u>

**FLORHAM PARK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed:					
Central Services	-	\$ 2,380	\$ 2,380	\$ 2,380	-
Total Equipment	-	2,380	2,380	2,380	-
Facilities Acquisition and Construction Services					
Other Purchased Prof. and Tech. Services		3,980	3,980	3,910	\$ 70
Construction Services		102,397	102,397	102,397	
Assessment for Debt Service on SDA Funding	\$ 26,168	-	26,168	26,168	-
Total Facilities Acquis. and Const. Services	26,168	106,377	132,545	132,475	70
Total Capital Outlay	26,168	108,757	134,925	134,855	70
Transfer of Funds to Charter Schools	30,356	-	30,356	30,356	-
Total Expenditures	17,278,883	249,110	17,527,993	18,713,738	(1,185,745)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(85,288)	(249,110)	(334,398)	397,982	732,380
Other Financing Sources (Uses)					
Transfer Out - Food Service Enterprise Fund	-	(3,601)	(3,601)	(3,601)	-
Total Other Financing Sources (Uses)	-	(3,601)	(3,601)	(3,601)	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(85,288)	(252,711)	(337,999)	394,381	732,380
Fund Balance, Beginning of Year	1,557,311	-	1,557,311	1,557,311	-
Fund Balance, End of Year	\$ 1,472,023	\$ (252,711)	\$ 1,219,312	\$ 1,951,692	\$ 732,380
<b>Recapitulation of Fund Balance</b>					
Restricted Fund Balance:					
Capital Reserve				\$ 769,755	
Capital Reserve - Designated for Subsequent Year's Expenditures				100,000	
Maintenance Reserve				60,000	
Emergency Reserve				250,000	
Excess Surplus				49,710	
Assigned Fund Balance					
Year End Encumbrances				227,567	
Designated for Subsequent Year's Expenditures				80,000	
Unassigned Fund Balance				414,660	
				1,951,692	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Payments Not Recognized on GAAP Basis				(110,806)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,840,886	

**FLORHAM PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ 252,778	\$ 32,602	\$ 285,380	\$ 280,855	\$ (4,525)
State	46,327	8,535	54,862	36,156	(18,706)
Local	35,000	15,000	50,000	9,638	(40,362)
Total Revenues	<u>334,105</u>	<u>56,137</u>	<u>390,242</u>	<u>326,649</u>	<u>(63,593)</u>
<b>EXPENDITURES</b>					
Instruction					
Tuition	205,214	(44,126)	161,088	161,088	-
Purchased Professional/Educational Services		27,260	27,260	26,985	275
General Supplies	38,936	(1,102)	37,834	4,476	33,358
Textbooks	7,328	(1,104)	6,224	6,100	124
Total Instruction	<u>251,478</u>	<u>(19,072)</u>	<u>232,406</u>	<u>198,649</u>	<u>33,757</u>
Support Services					
Salaries	1,241	1,375	2,616	2,616	-
Purchased Professional/Technical Services	51,604	(1,627)	49,977	31,395	18,582
Purchased Professional/Educational Services	29,782	57,736	87,518	83,268	4,250
Cleaning, Repair and Maintenance Services	-	7,725	7,725	7,725	-
General Supplies	-	10,000	10,000	2,996	7,004
Total Support Services	<u>82,627</u>	<u>75,209</u>	<u>157,836</u>	<u>128,000</u>	<u>29,836</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>334,105</u>	<u>56,137</u>	<u>390,242</u>	<u>326,649</u>	<u>63,593</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, 2016**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 19,111,720	(C-2) \$ 326,649
Difference - Budget to GAAP:		
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2014/2015 State aid)	85,550	
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2015/2016 State aid)	<u>(110,806)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) <u>\$ 19,086,464</u>	(B-2) <u>\$ 326,649</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	(C-1) <u>\$ 18,713,738</u>	(C-2) <u>\$ 326,649</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) <u>\$ 18,713,738</u>	(B-2) <u>\$ 326,649</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 Three Fiscal Years\*  
(Dollar amounts in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.02295%	0.02478%	0.02587
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,152,221	\$ 4,639,341	\$ 4,943,683
District's Covered-Employee Payroll	\$ 1,489,362	\$ 1,606,722	\$ 1,728,708
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	345.93%	288.75%	285.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	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 Three Fiscal Years  
(Dollar amounts in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 197,324	\$ 204,276	\$ 197,018
Contributions in Relation to the Contractually Required Contribution	<u>197,324</u>	<u>204,276</u>	<u>197,018</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,489,362	\$ 1,606,722	\$ 1,728,708
Contributions as a Percentage of Covered-Employee Payroll	13.25%	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 Three Fiscal Years\*  
(Dollar amounts in thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 45,143,920</u>	<u>\$ 39,091,399</u>	<u>\$ 36,781,872</u>
<b>Total</b>	<u>\$ 45,143,920</u>	<u>\$ 39,091,399</u>	<u>\$ 36,781,872</u>
District's Covered-Employee Payroll	\$ 6,649,910	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	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, 2016**

**Change of Benefit Terms:**                      None.

**Change of Assumptions:**                      Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

**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, 2016**

	<u>IDEIA Part B Basic</u>	<u>IDEIA Part B Preschool</u>	<u>NCLB Title IA</u>	<u>NCLB Title IIA</u>	<u>NCLB Title III Immigrant</u>	<u>Local Grants</u>	<u>Nonpublic Security</u>	<u>Total Exhibit E-1A</u>	<u>2016</u>
<b>REVENUES</b>									
Intergovernmental									
Federal	\$ 218,972	\$ 10,883	\$ 20,778	\$ 23,300	\$ 6,922				\$ 280,855
State							\$ 2,725	\$ 33,431	36,156
Local	-	-	-	-	-	\$ 9,638	-	-	9,638
<b>Total Revenues</b>	<u>\$ 218,972</u>	<u>\$ 10,883</u>	<u>\$ 20,778</u>	<u>\$ 23,300</u>	<u>\$ 6,922</u>	<u>\$ 9,638</u>	<u>\$ 2,725</u>	<u>\$ 33,431</u>	<u>\$ 326,649</u>
<b>EXPENDITURES</b>									
Instruction									
Tuition	\$ 161,088								161,088
Purchased Professional/Educational Services	23,000	\$ 3,985							26,985
General Supplies						\$ 1,642		\$ 2,834	4,476
Textbooks	-	-	-	-	-	-	-	6,100	6,100
<b>Total Instruction</b>	<u>184,088</u>	<u>3,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,642</u>	<u>-</u>	<u>8,934</u>	<u>198,649</u>
Support Services									
Salaries			\$ 1,039	\$ 1,235	\$ 342				2,616
Purchased Professional/Technical Services		6,898						24,497	31,395
Purchased Professional/Educational Services	34,884		19,739	22,065	6,580				83,268
Cleaning, Repair and Maintenance Services						5,000	\$ 2,725		7,725
General Supplies	-	-	-	-	-	2,996	-	-	2,996
<b>Total Support Services</b>	<u>34,884</u>	<u>6,898</u>	<u>20,778</u>	<u>23,300</u>	<u>6,922</u>	<u>7,996</u>	<u>2,725</u>	<u>24,497</u>	<u>128,000</u>
Facilities Acquisition and Construction Services									
Equipment	-	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition and Const. Svc</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 218,972</u>	<u>\$ 10,883</u>	<u>\$ 20,778</u>	<u>\$ 23,300</u>	<u>\$ 6,922</u>	<u>\$ 9,638</u>	<u>\$ 2,725</u>	<u>\$ 33,431</u>	<u>\$ 326,649</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, 2016**

	Nonpublic <u>Nursing</u>	Nonpublic <u>Textbooks</u>	Nonpublic <u>Technology</u>	Nonpublic Ch. 192		Nonpublic Ch. 193			Total <u>E-1A</u>
				Compensatory <u>Instruction</u>	<u>ESL</u>	Corrective <u>Speech</u>	Exam & <u>Classification</u>	Supplemental <u>Instruction</u>	
<b>REVENUES</b>									
Intergovernmental									
Federal									
State	\$ 9,810	\$ 6,100	\$ 2,834	\$ 761	\$ 2,071	\$ 7,440	\$ 2,559	\$ 1,856	\$ 33,431
Local	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 9,810</u>	<u>\$ 6,100</u>	<u>\$ 2,834</u>	<u>\$ 761</u>	<u>\$ 2,071</u>	<u>\$ 7,440</u>	<u>\$ 2,559</u>	<u>\$ 1,856</u>	<u>\$ 33,431</u>
<b>EXPENDITURES</b>									
Instruction									
Tuition									
General Supplies			\$ 2,834						\$ 2,834
Textbooks	-	\$ 6,100	-	-	-	-	-	-	6,100
Total Instruction	-	6,100	2,834	-	-	-	-	-	8,934
Support Services									
Salaries									
Purchased Professional/Technical Services	\$ 9,810			\$ 761	\$ 2,071	\$ 7,440	\$ 2,559	\$ 1,856	24,497
Purchased Professional/Educational Services	-	-	-	-	-	-	-	-	-
Total Support Services	9,810	-	-	761	2,071	7,440	2,559	1,856	24,497
Facilities Acquisition and Construction Services									
Equipment	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Const. Svc	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 9,810</u>	<u>\$ 6,100</u>	<u>\$ 2,834</u>	<u>\$ 761</u>	<u>\$ 2,071</u>	<u>\$ 7,440</u>	<u>\$ 2,559</u>	<u>\$ 1,856</u>	<u>\$ 33,431</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, 2016**

**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, 2016**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Unexpended Balance, June 30, 2016</u>
Ridgedale Middle School Replacement of Yankee Gutter and Cornice	\$ 793,450	\$ 680,894		\$ 112,556
Ridgedale Middle School Window and Exterior Door Replacement	<u>720,650</u>	<u>136,428</u>	\$ 546,064	<u>38,158</u>
Total	<u>\$ 1,514,100</u>	<u>\$ 817,322</u>	<u>\$ 546,064</u>	<u>\$ 150,714</u>

**Reconciliation to GAAP Basis**

Project Balance, June 30, 2016	\$ 150,714
Less Unrealized Grant Awards	<u>(60,286)</u>
Fund Balance, June 30, 2016 - GAAP Basis	<u>\$ 90,428</u>

**Recapitulation of Fund Balance**

Restricted for Capital Projects: Available for Capital Projects	<u>\$ 90,428</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 90,428</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, 2016**

**Revenues and Other Financing Sources**

State Sources - SDA Grant

Local Sources - Transfer from Capital Reserve

-

Total Revenues

-

**Expenditures and Other Financing Uses**

Architect/Engineer Services

\$ 2,380

Construction Services

543,684

Total Expenditures and Other Financing Uses

546,064

Excess (Deficiency) of Revenues Over (Under) Expenditures

(546,064)

Fund Balance - Beginning of Year

696,778

Fund Balance - End of Year - Budgetary

\$ 150,714

**Reconciliation to GAAP Basis**

Fund Balance, June 30, 2016 - Budgetary Basis

\$ 150,714

Less Unearned Revenue (Unearned SDA Grant)

(60,286)

Fund Balance, June 30, 2016 - GAAP Basis

\$ 90,428

**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, 2016**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 317,380		\$ 317,380	\$ 317,380
Local Sources - Transfer from Capital Reserve	476,070	-	476,070	476,070
	<u>793,450</u>	<u>-</u>	<u>793,450</u>	<u>793,450</u>
<b>Expenditures and Other Financing Uses</b>				
Architect/Engineer Services	55,900		55,900	57,000
Construction Services	624,994	-	624,994	736,450
	<u>680,894</u>	<u>-</u>	<u>680,894</u>	<u>793,450</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 112,556</u>	<u>\$ -</u>	<u>\$ 112,556</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
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	January 2015			

**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, 2016**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 288,260		\$ 288,260	\$ 288,260
Local Sources - Transfer from Capital Reserve	432,390	-	432,390	432,390
	<u>720,650</u>	<u>-</u>	<u>720,650</u>	<u>720,650</u>
<b>Expenditures and Other Financing Uses</b>				
Architect/Engineer Services	45,465	\$ 2,380	47,845	47,845
Construction Services	90,963	543,684	634,647	672,805
	<u>136,428</u>	<u>546,064</u>	<u>682,492</u>	<u>720,650</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 584,222</u>	<u>\$ (546,064)</u>	<u>\$ 38,158</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
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	100%			
Original Target Completion Date	September 2015			
Revised Target Completion Date	April 2016			

**ENTERPRISE FUND**



**FLORHAM PARK BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

Financial Statements are Presented on Exhibit B-5

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 58,701	\$ 110,434	\$ 169,135
Total Assets	<u>\$ 58,701</u>	<u>\$ 110,434</u>	<u>\$ 169,135</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 90,581	\$ 90,581
Flex Spending Deposits		5,443	5,443
Due to Other Funds		14,410	14,410
Due to Student Groups	<u>\$ 58,701</u>	<u>-</u>	<u>58,701</u>
Total Liabilities	<u>\$ 58,701</u>	<u>\$ 110,434</u>	<u>\$ 169,135</u>

**FLORHAM PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2016</u>
<b>ELEMENTARY SCHOOLS</b>				
Briarwood	\$ 4,653	\$ 6,771	\$ 4,847	\$ 6,577
Brooklake	6,038	14,933	13,457	7,514
<b>MIDDLE SCHOOLS</b>				
Ridgedale Athletics	298	4,505	4,803	
Ridgedale	<u>78,394</u>	<u>101,026</u>	<u>134,810</u>	<u>44,610</u>
Total All Schools	<u>\$ 89,383</u>	<u>\$ 127,235</u>	<u>\$ 157,917</u>	<u>\$ 58,701</u>

**FLORHAM PARK BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Balance, July 1, <u>2015</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2016</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 10,585	\$ 5,300,835	\$ 5,220,839	\$ 90,581
Accrued Salaries and Wages		6,923,634	6,923,634	-
Flex Spending Deposits	3,250	7,030	4,837	5,443
Due to Other Funds	<u>14,279</u>	<u>6,660</u>	<u>6,529</u>	<u>14,410</u>
 Total	 <u>\$ 28,114</u>	 <u>\$ 12,238,159</u>	 <u>\$ 12,155,839</u>	 <u>\$ 110,434</u>

**LONG-TERM DEBT**

**FLORHAM PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
School District Refunding Bonds - 2009	9/10/2009	\$ 9,185,000	7/15/2016	\$ 100,000	3.500 %				
			7/15/2016	690,000	5.000				
			7/15/2017	830,000	5.000				
			7/15/2018	300,000	3.500				
			7/15/2018	570,000	4.250				
			7/15/2019	190,000	3.500				
			7/15/2019	715,000	4.375				
			7/15/2020	940,000	4.500				
			7/15/2021	940,000	4.250				
			7/15/2022	945,000	4.000				
						\$ 6,980,000	-	\$ 760,000	\$ 6,220,000
						\$ 6,980,000	\$ -	\$ 760,000	\$ 6,220,000
								\$ 760,000	

**FLORHAM PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**



**FLORHAM PARK BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 1,047,156	-	\$ 1,047,156	\$ 1,047,156	-
Total Revenues	<u>1,047,156</u>	<u>-</u>	<u>1,047,156</u>	<u>1,047,156</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	760,000		760,000	760,000	
Interest	<u>287,156</u>	<u>-</u>	<u>287,156</u>	<u>287,156</u>	<u>-</u>
Total Expenditures	<u>1,047,156</u>	<u>-</u>	<u>1,047,156</u>	<u>1,047,156</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)*

	2007	2008	2009	2010	2011 (1)	2012	2013	2014 (2)	2015	2016
<b>Governmental activities</b>										
Net Investment in capital assets	\$ 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	\$ 8,978,991
Restricted	89,270	32,035	200,677	225,326	384,597	664,955	869,753	1,119,301	1,087,822	1,020,183
Unrestricted	(386,851)	37,626	1,979	(24,502)	(5,237)	201,002	235,888	(4,736,455)	(4,459,727)	(4,393,670)
<b>Total governmental activities net position</b>	<b>\$ 6,444,838</b>	<b>\$ 6,757,994</b>	<b>\$ 6,904,116</b>	<b>\$ 7,064,869</b>	<b>\$ 7,193,953</b>	<b>\$ 7,691,856</b>	<b>\$ 8,155,588</b>	<b>\$ 3,702,757</b>	<b>\$ 4,861,634</b>	<b>\$ 5,605,504</b>
<b>Business-type activities</b>										
Net Investment in capital assets	\$ 2,322	\$ 1,409	\$ 496	\$ 4,334	\$ 4,730	\$ 9,412	\$ 17,176	\$ 15,366	\$ 13,556	\$ 11,746
Restricted										
Unrestricted	(13,693)	2,099	3,999	780						
<b>Total business-type activities net position</b>	<b>\$ (11,371)</b>	<b>\$ 3,508</b>	<b>\$ 4,495</b>	<b>\$ 5,114</b>	<b>\$ 4,730</b>	<b>\$ 9,412</b>	<b>\$ 17,176</b>	<b>\$ 15,366</b>	<b>\$ 13,556</b>	<b>\$ 11,746</b>
<b>District-wide</b>										
Net Investment in capital assets	\$ 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	\$ 8,990,737
Restricted	89,270	32,035	200,677	225,326	384,597	664,955	869,753	1,119,301	1,087,822	1,020,183
Unrestricted	(400,544)	39,725	5,978	(23,722)	(5,237)	201,002	235,888	(4,736,455)	(4,459,727)	(4,393,670)
<b>Total district net position</b>	<b>\$ 6,433,467</b>	<b>\$ 6,761,502</b>	<b>\$ 6,908,611</b>	<b>\$ 7,069,983</b>	<b>\$ 7,198,683</b>	<b>\$ 7,701,268</b>	<b>\$ 8,172,764</b>	<b>\$ 3,718,123</b>	<b>\$ 4,875,190</b>	<b>\$ 5,617,250</b>

Note 1 - Net Position at June 30, 2012 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, 2015 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)*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 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	\$ 8,312,608
Special Education	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	3,884,339
Other Instruction	83,439	80,730	67,043	108,418	141,708	213,722	197,548	243,694	119,197	216,185
School Sponsored Activities and Athletics	139,328	150,045	148,318	148,955	148,770	156,927	153,681	174,848	172,524	208,900
<b>Support Services:</b>										
Student & Instruction Related Services	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	3,203,838
General Administrative Services	491,435	537,995	518,851	574,800	597,239	593,874	605,846	477,445	587,964	653,608
School Administrative Services	836,001	961,645	968,615	1,081,152	1,061,376	1,084,544	1,049,373	987,638	1,020,387	1,072,812
Central Services/Business Services	407,181	347,440	345,639	338,009	365,831	395,547	388,815	407,775	536,395	576,944
Plant Operations and Maintenance	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	2,781,829
Pupil Transportation	1,031,136	922,126	803,849	804,200	816,834	900,848	964,524	1,035,975	1,006,013	970,710
Interest on Long-Term Debt	509,513	524,666	513,234	372,251	383,267	355,199	338,146	322,926	301,548	272,166
<b>Total Governmental Activities Expenses</b>	<b>17,106,249</b>	<b>17,300,235</b>	<b>17,182,851</b>	<b>18,096,868</b>	<b>17,396,783</b>	<b>17,909,091</b>	<b>18,522,982</b>	<b>18,838,526</b>	<b>20,884,548</b>	<b>22,153,939</b>
<b>Business-Type Activities:</b>										
Food Service	19,214	13,116	16,412	14,561	13,708	13,592	14,628	14,325	16,048	14,847
Enrichment Program	4,058									
<b>Total Business-Type Activities Expense</b>	<b>23,272</b>	<b>13,116</b>	<b>16,412</b>	<b>14,561</b>	<b>13,708</b>	<b>13,592</b>	<b>14,628</b>	<b>14,325</b>	<b>16,048</b>	<b>14,847</b>
<b>Total District Expenses</b>	<b>\$ 17,129,521</b>	<b>\$ 17,313,351</b>	<b>\$ 17,199,263</b>	<b>\$ 18,111,429</b>	<b>\$ 17,410,491</b>	<b>\$ 17,922,683</b>	<b>\$ 18,537,610</b>	<b>\$ 18,852,851</b>	<b>\$ 20,900,596</b>	<b>\$ 22,168,786</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Pupil Transportation	\$ 74,708	\$ 118,587	\$ 111,531	\$ 130,101	\$ 119,141	\$ 100,618	\$ 100,523	\$ 95,578	\$ 123,417	\$ 173,840
Tuition				64,462	75,225	360,237	283,367	204,974	136,134	42,000
Operating Grants and Contributions	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	4,804,584
Capital Grants and Contributions	-	6,500	480	53,026	14,100	-	25,789	41,812	287,653	218,425
<b>Total Governmental Activities Program Revenues</b>	<b>2,733,096</b>	<b>2,829,898</b>	<b>2,301,999</b>	<b>2,777,625</b>	<b>1,932,877</b>	<b>2,575,388</b>	<b>2,851,101</b>	<b>2,594,345</b>	<b>4,749,294</b>	<b>5,238,849</b>
<b>Business-type activities:</b>										
<b>Charges for Services:</b>										
Food Service	8,317	7,681	9,143	8,226	8,413	12,150	12,415	12,193	11,123	9,436
Enrichment Program	855									
Operating Grants and Contributions	6,444	6,252	8,256	6,954	2,725					
Capital Grants and Contributions							9,167			
<b>Total Business Type Activities Program Revenues</b>	<b>15,616</b>	<b>13,933</b>	<b>17,399</b>	<b>15,180</b>	<b>11,138</b>	<b>12,150</b>	<b>21,582</b>	<b>12,193</b>	<b>11,123</b>	<b>9,436</b>
<b>Total District Program Revenues</b>	<b>\$ 2,748,712</b>	<b>\$ 2,843,831</b>	<b>\$ 2,319,398</b>	<b>\$ 2,792,805</b>	<b>\$ 1,944,015</b>	<b>\$ 2,587,538</b>	<b>\$ 2,872,683</b>	<b>\$ 2,606,538</b>	<b>\$ 4,760,417</b>	<b>\$ 5,248,285</b>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (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)	\$ (16,915,090)
Business-Type Activities	(7,656)	817	987	619	(2,570)	(1,442)	6,954	(2,132)	(4,925)	(5,411)
<b>Total District-Wide Net Expense</b>	<b>\$ (14,380,809)</b>	<b>\$ (14,469,520)</b>	<b>\$ (14,879,865)</b>	<b>\$ (15,318,624)</b>	<b>\$ (15,466,476)</b>	<b>\$ (15,335,145)</b>	<b>\$ (15,664,927)</b>	<b>\$ (16,246,313)</b>	<b>\$ (16,140,179)</b>	<b>\$ (16,920,501)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 16,414,276
Property Taxes Levied for Debt Service	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	1,047,156
Unrestricted Aid, Grants and Contributions	154,468	177,788	4,010						8,864	9,752
Investment Earnings	33,880	19,425	11,786	4,256	7,592	6,182	5,653	6,442	7,396	6,930
Miscellaneous Income	166,513	112,121	133,765	143,830	111,931	27,771	37,242	58,109	145,502	184,447
Transfers	-	(14,062)			(2,186)	(6,124)	(810)	(322)	(3,115)	(3,601)
<b>Total Governmental Activities</b>	<b>14,221,719</b>	<b>14,783,493</b>	<b>15,026,974</b>	<b>15,479,996</b>	<b>15,690,820</b>	<b>15,831,506</b>	<b>16,135,713</b>	<b>16,735,033</b>	<b>17,294,131</b>	<b>17,658,960</b>
Business-Type Activities:										
Investment Earnings										
Transfers	-	14,062			2,186	6,124	810	322	3,115	3,601
<b>Total Business-Type Activities</b>	<b>-</b>	<b>14,062</b>	<b>-</b>	<b>-</b>	<b>2,186</b>	<b>6,124</b>	<b>810</b>	<b>322</b>	<b>3,115</b>	<b>3,601</b>
<b>Total District-Wide</b>	<b>\$ 14,221,719</b>	<b>\$ 14,797,555</b>	<b>\$ 15,026,974</b>	<b>\$ 15,479,996</b>	<b>\$ 15,693,006</b>	<b>\$ 15,837,630</b>	<b>\$ 16,136,523</b>	<b>\$ 16,735,355</b>	<b>\$ 17,297,246</b>	<b>\$ 17,662,561</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (151,434)	\$ 313,156	\$ 146,122	\$ 160,753	\$ 226,914	\$ 497,803	\$ 463,832	\$ 490,852	\$ 1,158,877	\$ 743,870
Business-Type Activities	(7,656)	14,879	987	619	(384)	4,682	7,764	(1,810)	(1,810)	(1,810)
<b>Total District</b>	<b>\$ (159,090)</b>	<b>\$ 328,035</b>	<b>\$ 147,109</b>	<b>\$ 161,372</b>	<b>\$ 226,530</b>	<b>\$ 502,485</b>	<b>\$ 471,596</b>	<b>\$ 489,042</b>	<b>\$ 1,157,067</b>	<b>\$ 742,060</b>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 102,749	\$ 218,376	\$ 493,163	\$ 499,997						
Unreserved	139,887	404,841	165,798	153,110						
Restricted					\$ 634,597	\$ 914,955	\$ 1,119,753	\$ 952,145	\$ 919,755	\$ 1,229,465
Committed										
Assigned					29,868	175,988	179,088	109,288	302,830	307,567
Unassigned					165,593	238,004	263,069	281,944	249,176	303,854
<b>Total General Fund</b>	<b>\$ 242,636</b>	<b>\$ 623,217</b>	<b>\$ 658,961</b>	<b>\$ 653,107</b>	<b>\$ 830,058</b>	<b>\$ 1,328,947</b>	<b>\$ 1,561,910</b>	<b>\$ 1,343,377</b>	<b>\$ 1,471,761</b>	<b>\$ 1,840,886</b>
All Other Governmental Funds										
Reserved			\$ 103,817							
Unreserved	\$ 6,921	\$ 6,921	(8,516)	\$ 80,789						
Restricted								417,156	418,067	90,428
Committed										
Assigned										
<b>Total all other governmental funds</b>	<b>\$ 6,921</b>	<b>\$ 6,921</b>	<b>\$ 95,301</b>	<b>\$ 80,789</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 417,156</b>	<b>\$ 418,067</b>	<b>\$ 90,428</b>

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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)*

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Property Tax Levy	\$ 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	\$ 17,461,432
Tuition				64,462	75,225	360,237	283,367	204,974	136,134	42,000
Transportation Fees	74,708	118,587	111,531	130,101	119,141	100,618	100,523	95,578	123,417	173,840
Interest Earnings	33,880	19,425	11,786	4,256	7,592	6,182	5,653	6,442	7,396	6,930
Miscellaneous	175,765	155,078	204,151	201,954	145,355	127,803	102,034	112,886	189,921	194,085
State Sources	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	2,519,552
Federal Sources	278,920	250,000	252,880	434,267	309,113	280,011	258,729	241,136	251,670	280,855
<b>Total Revenue</b>	<b>16,954,815</b>	<b>17,627,453</b>	<b>17,328,973</b>	<b>18,257,621</b>	<b>17,625,883</b>	<b>18,413,018</b>	<b>18,987,624</b>	<b>19,329,700</b>	<b>20,329,208</b>	<b>20,678,694</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	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	7,086,683
Special Education Instruction	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	3,442,010
Other instruction	83,439	80,730	67,043	108,418	141,708	197,575	206,299	234,943	119,166	184,063
School Sponsored Activities/Athletics	139,328	150,045	148,318	148,955	148,770	156,927	153,681	174,848	172,524	206,900
<b>Support Services:</b>										
Student and Inst. Related Services	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	2,861,543
General Administrative Services	499,724	521,582	512,323	564,222	588,560	585,195	618,816	477,445	586,105	603,354
School Administrative Services	777,949	925,334	931,646	1,002,152	1,024,353	1,051,982	1,034,914	982,864	946,243	948,944
Central Services/Business Services	405,815	339,488	344,484	353,430	365,104	395,545	388,815	391,628	503,459	531,707
Plant Operations and Maintenance	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	2,120,754
Pupil Transportation	967,724	865,900	762,550	762,901	795,125	894,645	954,187	1,013,299	988,045	945,742
Capital Outlay	155,500	189,189	140,813	301,461	96,554	49,838	228,600	263,433	871,496	654,751
<b>Debt Service</b>										
Principal	584,612	590,475	637,196	668,184	677,939	670,000	695,000	710,000	730,000	760,000
Interest and Other Charges	577,850	549,821	519,434	404,994	398,075	369,666	347,719	331,731	313,056	287,156
Cost of Issuance				101,880						
Payment to Escrow Account				662,153						
<b>Total Expenditures</b>	<b>17,153,478</b>	<b>17,293,451</b>	<b>17,204,849</b>	<b>19,042,020</b>	<b>17,527,535</b>	<b>17,908,005</b>	<b>18,753,851</b>	<b>19,130,755</b>	<b>20,196,798</b>	<b>20,633,607</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(198,663)	334,002	124,124	(784,399)	98,348	505,013	233,773	198,945	132,410	45,087
<b>Other Financing sources (uses)</b>										
Capital Leases		60,641								
Refunding Bond Proceeds				9,185,000						
Premium on Notes/Bonds				679,033						
Bonds Refunded				(9,100,000)						
Transfers In	12,753	2,794	107,526	19,363	118			476,070	432,390	-
Transfers Out	(12,753)	(16,856)	(107,526)	(19,363)	(2,304)	(6,124)	(810)	(476,392)	(435,505)	(3,601)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>46,579</b>	<b>-</b>	<b>764,033</b>	<b>(2,186)</b>	<b>(6,124)</b>	<b>(810)</b>	<b>(322)</b>	<b>(3,115)</b>	<b>(3,601)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (198,663)</b>	<b>\$ 380,581</b>	<b>\$ 124,124</b>	<b>\$ (20,366)</b>	<b>\$ 96,162</b>	<b>\$ 498,889</b>	<b>\$ 232,963</b>	<b>\$ 198,623</b>	<b>\$ 129,295</b>	<b>\$ 41,486</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>6.84%</b>	<b>6.67%</b>	<b>6.78%</b>	<b>9.80%</b>	<b>6.17%</b>	<b>5.82%</b>	<b>5.63%</b>	<b>5.52%</b>	<b>5.40%</b>	<b>5.24%</b>

\* 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
00	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
	2016	6,930	42,000	173,840	70,061	3,211	21,160	4,366	35,400	38,942		11,307	407,217



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

Calendar Year	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct Local School Tax Rate <sup>a</sup>
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	2,012,845,600	748,300	119,800	912,417,600	108,971,400	153,215,500	3,314,963,700	4,947,120	3,319,910,820	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	168,609,500	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
2016	98,191,900	2,014,682,600	748,300	119,800	903,530,300	92,180,200	175,484,100	3,284,937,200	4,079,867	3,289,017,067	3,126,935,377	0.54

Source: County Abstract of Ratables

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- 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	
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
2016	0.54	0.25	0.41	0.23	1.43

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	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
KBSII 300-600 Campus Drive LLC	\$ 93,517,700	2.84%		
Sun Valley Plaza LLC	70,514,200	2.14%	\$ 47,244,200	1.42%
BASF	68,000,000	2.07%		
Avalonbay Communities	63,369,900	1.93%	65,369,900	1.96%
KBSII 100-200 Campus Drive LLC	61,742,300	1.88%		
Lifetime Fitness	33,900,000	1.03%		
KBSII 100-200 Campus Drive LLC	33,100,700	1.01%		
Hamilton Park	33,000,000	1.00%		
Advance At Park Place LLC	30,991,300	0.94%		
Riverbend	30,000,000	0.91%	35,655,200	1.07%
Campus Drive LLC			112,458,800	3.37%
Park Avenue Realty			109,410,200	3.28%
Wells Reit II			103,078,100	3.09%
Rock - GW Miramar			73,500,100	2.20%
LH Florham Holding			65,132,800	1.95%
500 Colombia Tpke. Assoc.			30,634,600	0.92%
71 Hanover FPK -Assoc.			30,013,500	0.90%
Kull Bren			29,660,600	0.89%
Columbia Corp. Ctr.			26,489,000	0.79%
Asco Mfg.			25,090,000	0.75%
	<u>\$ 518,136,100</u>	<u>15.75%</u>	<u>\$ 753,737,000</u>	<u>22.59%</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	
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%	-
2016	17,461,432	17,461,432	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			
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	11,741	891
2011	9,785,000			9,785,000	11,782	831
2012	9,115,000			9,115,000	11,815	771
2013	8,420,000			8,420,000	11,829	712
2014	7,710,000			7,710,000	11,785	654
2015	6,980,000			6,980,000	11,835	590
2016	6,220,000			6,220,000	11,835 (E)	526

(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		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
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
2016	6,220,000		6,220,000	0.19	526

**FLORHAM PARK BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2015  
(Unaudited)**

**Total Debt**

Municipal Debt: (1)	
Florham Park Board of Education (as of June 30, 2016)	\$ 6,220,000
Regional High School - Florham Park's Share	7,971,147
Borough of Florham Park	<u>26,619,131</u>
 Total Direct Municipal Debt	 <u>40,810,278</u>
 Overlapping Debt Apportioned to the Municipality:	
Morris County: (2)	
County of Morris (A)	<u>7,205,120</u>
 Total Overlapping Debt Apportioned to the Municipality	 <u>7,205,120</u>
 Total Direct and Overlapping Debt	 <u>\$ 48,015,398</u>

## Source:

- (1) Borough of Florham Park's 2015 Annual Debt Statement  
(2) Morris County's 2015 Annual Debt Statement  
(A) The debt for this entity was apportioned by dividing the municipality's 2015 equalized value by the total 2015 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 2016

	Equalized valuation basis
	2013 2,849,105,906
	2014 2,984,071,903
	2015 <u>3,077,786,660</u>
	<u>\$8,910,964,469</u>
Average equalized valuation of taxable property	<u>\$2,970,321,490</u>
Debt limit (3 % of average equalization value)	\$ 89,109,645
Total Net Debt Applicable to Limit	<u>6,220,000</u>
Legal debt margin	<u>\$ 82,889,645</u>

Fiscal Year

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 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	\$ 89,109,645
Total net debt applicable to limit	<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>	<u>6,220,000</u>
Legal debt margin	<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>	<u>\$ 82,889,645</u>
Total net debt applicable to the limit as a percentage of debt limit	13.49%	12.29%	11.24%	10.52%	9.79%	9.13%	8.69%	8.40%	7.89%	6.98%

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>
2007	12,298		\$ 72,211	2.4%
2008	12,355		74,636	3.2%
2009	12,347		70,516	5.6%
2010	11,741		72,780	5.6%
2011	11,782		76,194	5.4%
2012	11,815		78,693	5.7%
2013	11,829		79,094	5.4%
2014	11,785		82,810	4.7%
2015	11,835		N/A	4.0%
2016	11,835	(E)	N/A	N/A

N/A - Not Available

(E) - Estimate

Source: New Jersey State Department of Education

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

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</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>	<u>2016</u>
Instruction	104.2	104.5	105.5	106.0	106.0	108.0	108.0	110.0	109.0	113.0
Support Services										
Student and Instruction Related Services	23.6	23.6	24.6	24.6	24.6	24.6	24.6	23.6	23.6	21.3
General Administration	2.2	2.2	2.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	6.0	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0	6.0
Central Services	3.0	2.8	2.8	2.8	3.0	3.0	3.0	3.0	3.0	4.0
Plant Operations and Maintenance	10.4	10.7	10.7	11.3	11.3	11.3	11.3	11.3	11.3	11.8
Pupil Transportation	12.0	12.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.1
Total	<u>161.4</u>	<u>163.3</u>	<u>166.3</u>	<u>167.2</u>	<u>167.4</u>	<u>169.4</u>	<u>168.4</u>	<u>169.4</u>	<u>168.4</u>	<u>171.2</u>

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	Elementary	Middle School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
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	9.13%	89	1:12	1:12	990	951	-3.13%	96.06%
2016	959	18,931,700	19,741	10.86%	90	1:10	1:10	966	927	-3.69%	95.96%

Sources: District records

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

	<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>	<u>2016</u>
<b><u>District Building</u></b>										
<u>Elementary</u>										
<b>Brooklake</b>										
Square Feet	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700
Enrollment	335	350	350	346	325	339	347	324	297	316
<b>Briarwood</b>										
Square Feet	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Enrollment	343	361	350	365	352	360	355	350	352	301
<u>Middle School</u>										
<b>Ridgedale</b>										
Square Feet	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,000
Enrollment	314	320	343	331	351	331	327	327	337	342
Number of Schools at June 30, 2016										
Elementary =	2									
Middle School =	<u>1</u>									
	<u>3</u>									

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>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>	<u>2016</u>
Brooklake Elementary School	N/A	\$ 79,347	\$ 87,876	\$ 80,795	\$ 78,381	\$ 137,547	\$ 86,392	\$ 123,324	\$ 105,435	\$ 126,543	\$ 157,949
Briarwood Elementary School	N/A	85,043	85,300	113,747	70,827	103,820	76,142	83,628	96,050	117,308	146,422
Ridgedale Elementary School	N/A	<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>	<u>237,078</u>
Total School Facilities		<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>	<u>\$ 541,449</u>

Source: District Records

**FLORHAM PARK BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2016  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG		
Property - Blanket Building & Contents	\$ 54,073,986	\$ 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

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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, 2016 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 September 14, 2016.

**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 September 14, 2016.

### **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  
September 14, 2016



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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE 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 the Florham Park Board of Education’s major state programs for the fiscal year ended June 30, 2016. The Florham Park Board of Education’s major state program is 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 state statutes, regulations, and the terms and conditions of its state financial assistance 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 New Jersey Circular 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 program for the fiscal year ended June 30, 2016.

### **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 the 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. 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 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, 2016 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 September 14, 2016, 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 are presented for purposes of additional analysis and are 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  
September 14, 2016

FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2015	Unearned Revenue Carryover Amount	Accounts Receivable Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2016		Due to Grantor at June 30, 2016	MEMO GAAP Receivable	
												(Account Receivable)	Unearned Revenue			
<b>U.S. Department of Education</b>																
<b>Passed-through State Department of Education</b>																
I.D.E.I.A. Part B, Basic Regular	84.027	H027A150100	FT-1530-08	7/1/15-6/30/16	\$ 219,191				\$ 170,453	\$ 218,972		\$ (48,738)	\$ 219	*	\$ (48,519)	
I.D.E.I.A. Part B, Basic Regular	84.027		FT-1530-08	7/1/14-6/30/15	213,706	\$ (747)			747					*		
I.D.E.I.A. Preschool	84.173	H173A150114	PS-1530-08	7/1/15-6/30/16	8,520		\$ 2,638	\$ (2,638)	9,893	10,883		(1,265)	275	*	(990)	
I.D.E.I.A. Preschool	84.173		PS-1530-08	7/1/14-6/30/15	8,330	(715)	(2,638)	2,638	715	-	-	-	-	*	-	
Total Special Education Cluster (IDEA)						(1,462)	-	-	181,808	229,855	-	(50,003)	494	*	(49,509)	
Title I A	84.010A	S010A150030	NCLB153008	7/1/15-6/30/16	20,778				17,950	20,778		(2,828)		*	(2,828)	
Title II A	84.367A	S367A150029	NCLB153008	7/1/15-6/30/16	24,693		2,638	(2,638)	15,450	23,300		(11,881)	4,031	*	(7,850)	
Title II A	84.367A		NCLB153008	7/1/14-6/30/15	24,816	(22,178)	(2,638)	2,638	22,178					*		
Title III	84.365A	S365A150030	NCLB153008	7/1/14-6/30/15	3,584	(1,422)					\$ 1,422			*		
Title III Immigrant	84.365A	S365A150030	NCLB153008	7/1/15-6/30/16	6,842		80	(80)	2,750	6,922		(4,172)		*	(4,172)	
Title III Immigrant	84.365A	S365A150030	NCLB153008	7/1/14-6/30/15	5,956	(5,876)	(80)	80	5,876					*		
Title IV	84.186A		NCLB153008	9/1/10-8/31/11	1,513	1,513								\$ 1,513	*	-
Total U.S. Department of Education/Federal Awards						\$ (29,425)	\$ -	\$ -	\$ 246,012	\$ 280,855	\$ 1,422	\$ (68,884)	\$ 4,525	\$ 1,513	* \$ (64,359)	

FAIN numbers are only applicable for current year grant awards.

This schedule was not subject to Single Audit in accordance with U.S. Uniform Guidance.

See Accompanying Notes to Schedule of Expenditures of Federal Awards

FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2016			MEMO		
									(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Combined Total Expenditures	
<b>State Department of Education</b>														
<b>General Fund:</b>														
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 411,749			\$ 374,403	\$ 411,749		\$ (37,346)			*	\$ 411,749	
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	411,749	\$ (37,431)		37,431						*		
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	14,991			13,631	14,991		(1,360)			*	14,991	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	14,991	(1,363)		1,363						*		
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	9,750			8,866	9,750		(884)			*	9,750	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	9,750	(886)		886						*		
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	9,750			8,866	9,750		(884)			*	9,750	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	9,750	(886)		886						*		
Total State Aid - Public Cluster				(40,566)	-	446,332	446,240	-	(40,474)	-	-	*	446,240	
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	39,684			36,084	39,684		(3,600)			*	39,684	
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	39,684	(3,608)		3,608						*		
Extraordinary Special Education Costs Aid	16-495-034-5120-044	7/1/15-6/30/16	66,732				66,732		(66,732)			*	66,732	
Extraordinary Special Education Costs Aid	15-100-034-5120-473	7/1/14-6/30/15	41,376	(41,376)		41,376						*	-	
Additional Non Public Transportation Aid	N/A	7/1/15-6/30/16	8,240				8,240		(8,240)			*	8,240	
Additional Non Public Transportation Aid	N/A	7/1/14-6/30/15	8,555	(8,555)		8,555						*	-	
TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	560,082			533,578	560,082		(26,504)			*	560,082	
TPAF Social Security Contributions	15-495-034-5094-003	7/1/14-6/30/15	494,950	(24,564)		24,564						*	-	
TPAF Pension Contributions	16-495-034-5094-002	7/1/15-6/30/16	508,402			508,402	508,402					*	508,402	
TPAF Pension - NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	25,325			25,325	25,325					*	25,325	
TPAF Pension-Post Retirement Medical	16-495-034-5094-001	7/1/15-6/30/16	635,522			635,522	635,522					*	635,522	
Total General Fund				(118,669)	-	2,263,346	2,290,227	-	(145,550)	-	-	*	2,290,227	
<b>Special Revenue Funds:</b>														
<b>New Jersey Nonpublic Aid</b>														
<b>Auxiliary Services</b>														
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	4,230			4,230	761				\$ 3,469	*	761	
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	8,958	2,329				\$ 2,329				*		
ESL	16-100-034-5120-067	7/1/15-6/30/16	3,624			3,624	2,071				1,553	*	2,071	
Total Nonpublic Auxiliary Services Aid (Chapter 192) Cluster				2,329	-	7,854	2,832	2,329			5,022	*	2,832	
<b>Handicapped Services</b>														
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	9,197			9,197	7,440				1,757	*	7,440	
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	8,835	442				442				*		
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	7,159			7,159	2,559				4,600	*	2,559	
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	14,588	4,686				4,686				*		
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	9,059			9,059	1,856				7,203	*	1,856	
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	6,278	1,648				1,648				*		
Total Nonpublic Handicapped Aid (Chapter 193) Cluster				6,776	-	25,415	11,855	6,776			13,560	*	11,855	
Nursing	16-100-034-5120-070	7/1/15-6/30/16	9,810			9,810	9,810					*	9,810	
Technology	16-100-034-5120-373	7/1/15-6/30/16	2,834			2,834	2,834					*	2,834	
Textbooks	16-100-034-5120-064	7/1/15-6/30/16	6,224			6,224	6,100				124	*	6,100	
Security	16-100-034-5120-509	7/1/15-6/30/16	2,725			2,725	2,725					*	2,725	
Total Special Revenue Fund				9,105	-	54,862	36,156	9,105			18,706	*	36,156	
<b>State of New Jersey Schools Development Authority:</b>														
<b>Capital Projects</b>														
Ridgedale Middle School Replacement of Yankee Gutter & Cornice	1530-030-14-G2FL	N/A	317,380	(1,520)					(46,542)	\$ 45,022		*	272,358	
Ridgedale Middle School Window and Exterior Door Replacement	1530-030-14-G2FM	N/A	288,260	(54,571)		217,743	218,425		(70,517)	15,264		*	272,996	
Total SDA Cluster/Capital Projects Fund				(56,091)	-	217,743	218,425		(117,059)	60,286		*	545,354	
Total State Financial Assistance Subject to Single Audit Determination				(165,655)	-	2,535,951	2,544,808	9,105	(262,609)	60,286	18,706	*	2,871,737	
<b>State Financial Assistance Not Subject to Major Program Determination</b>														
<b>General Fund</b>														
TPAF Pension Contributions	16-495-034-5094-002	7/1/15-6/30/16	508,402			(508,402)	(508,402)					*	(508,402)	
TPAF Pension - NCGI Premiums	16-495-034-5094-004	7/1/15-6/30/16	25,325			(25,325)	(25,325)					*	(25,325)	
TPAF Post Retirement Medical Contributions	16-495-034-5094-001	7/1/15-6/30/16	635,522			(635,522)	(635,522)					*	(635,522)	
Total State Financial Assistance For Major Program Determination				\$ (165,655)	\$ -	\$ 1,366,702	\$ 1,375,559	\$ 9,105	\$ (262,609)	\$ 60,286	\$ 18,706	*	\$ 1,702,488	

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, 2016**

**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 the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) 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 financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$25,256 for the general fund. See the Notes to Required Supplementary Information Part II 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		\$ 2,264,971	\$ 2,264,971
Special Revenue Fund	\$ 280,855	36,156	317,011
Capital Projects Fund	-	218,425	218,425
	<u>280,855</u>	<u>218,425</u>	<u>499,280</u>
Total Financial Assistance	\$ 280,855	\$ 2,519,552	\$ 2,800,407



**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, 2016**

**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 \$560,082 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$533,727 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$635,522 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

**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.

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**FLORHAM PARK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*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, 2016

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? \_\_\_\_\_ yes       X  no

Identification of major state programs:

GMIS Number(s)	Name of State Program
16-495-034-5094-003	TPAF Social Security Contributions

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

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, 2016**

*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, 2016**

*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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

NOT APPLICABLE

**CURRENT YEAR STATE AWARDS**

There are none.

**FLORHAM PARK BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2015-1**

**Condition:**

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

**Current Status:**

Corrective action has been taken.