

FLORHAM PARK BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2017

Prepared by

Business Office

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INTRODUCTORY SECTION



Florham Park Public Schools

ADMINISTRATIVE OFFICES

P.O. BOX 39 FLORHAM PARK, NJ 07932

973-822-3880

973-822-0867 Superintendent FAX

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

October 2, 2017

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, 2017 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.



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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 2016/2017 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>
2016/17	966	0.00%
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%

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, other permitted emergencies and possible safety/security infrastructure measures. 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.



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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, reading/writing workshop through Teacher's College Columbia University, multi-sensory approach to reading, yoga in the classroom, Math in Focus, Google and middle school 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 renovations to the Briarwood Elementary School Kitchen in support of the Florham Park PTA enabling on site food preparation for the student lunch program district-wide.

The District will now move to replacement of all interior doors at both the Briarwood and Brooklake Elementary Schools as well as the State of NJ approved Capital Project "Partial Roof Replacement" at the Ridgedale Middle School.



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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 2016/2017 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, 2017.

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".



Florham Park Public Schools

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7. DEBT ADMINISTRATION

At June 30, 2017 the District had \$5,430,000 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, workmen's compensation, 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.



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11. ACKNOWLEDGEMENTS

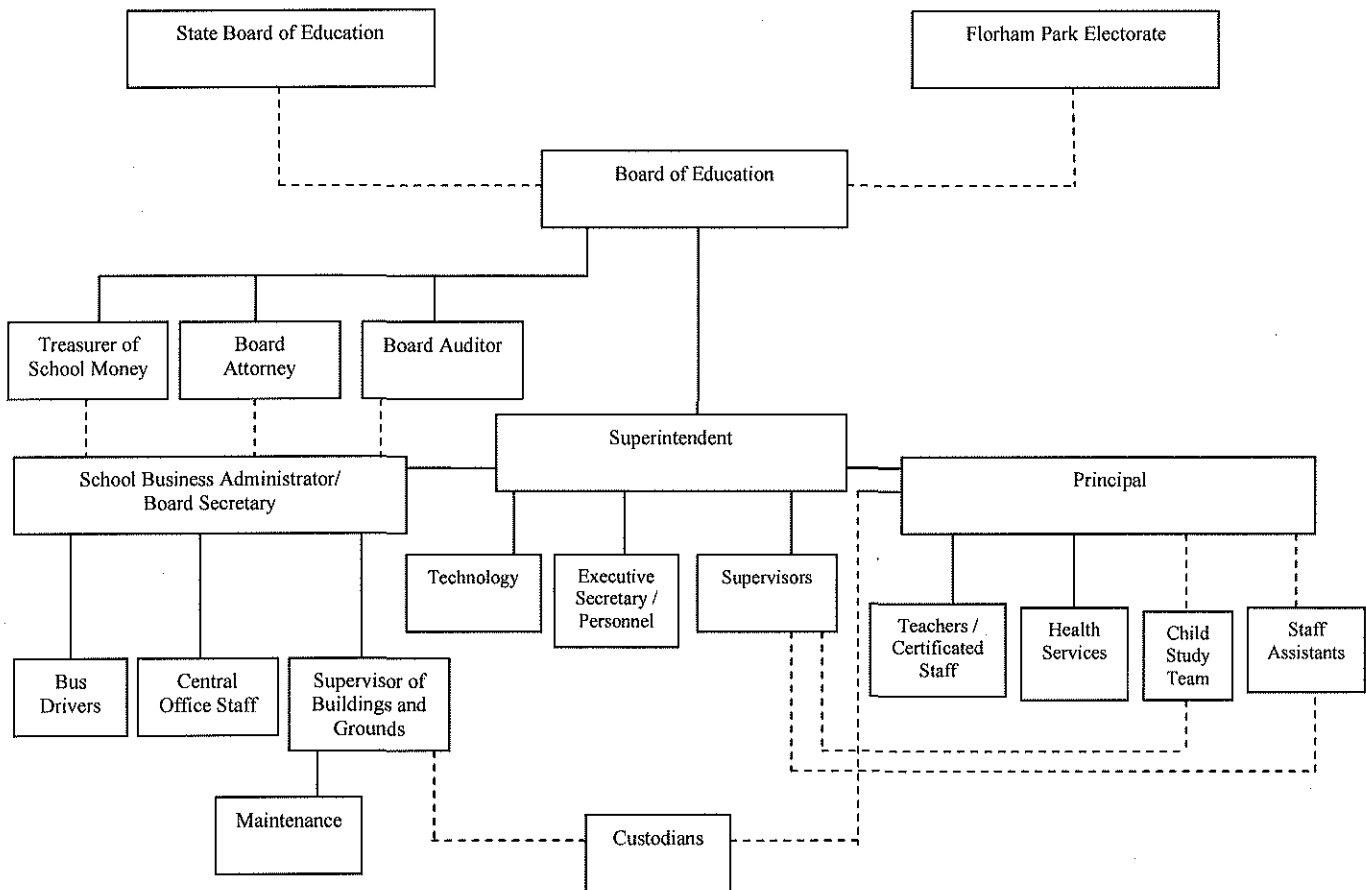
We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District, as well as contributing their full support to the development and maintenance of our financial operations. The preparation 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. Csatlos CPA
Business Administrator/Board Secretary

1110 ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Linda Rozek, President	2018
Kristina Heinold, Vice President	2017
Yvonne Cali	2019
Fabienne Crimi	2019
Nicolas Ritrivi	2019
Charles Shanley	2018
Alita Thomas	2017

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, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Florham Park Board of Education, as of and for the fiscal year ended June 30, 2017 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 from 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.

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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, 2017, 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 October 2, 2017 on our consideration of the Florham Park Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Florham Park Board of Education's 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
October 2, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

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, 2017. 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 2016-2017 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 \$5,670,719. (Net Position)
- The District's total net position increased by \$53,469.
- Overall District revenues were \$24,309,160. General revenues accounted for \$18,087,710 or 74% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,221,450 or 26% of total revenues.
- The school district had \$24,244,234 in expenses for governmental activities; only \$6,215,137 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$18,087,710 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 \$2,310,164. Of this amount, \$313,123 (14%) is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2017 was \$2,310,164, an increase of \$469,278 compared to the ending fund balance at June 30, 2016 of \$1,840,886.
- The General Fund unassigned budgetary fund balance at June 30, 2017 was \$422,570, which represents an increase of \$7,910 compared to the ending unassigned budgetary fund balance at June 30, 2016 of \$414,660.
- The District's total outstanding long-term liabilities increased by \$682,151 during the current fiscal year.

FLORHAM PARK BOARD OF EDUCATION

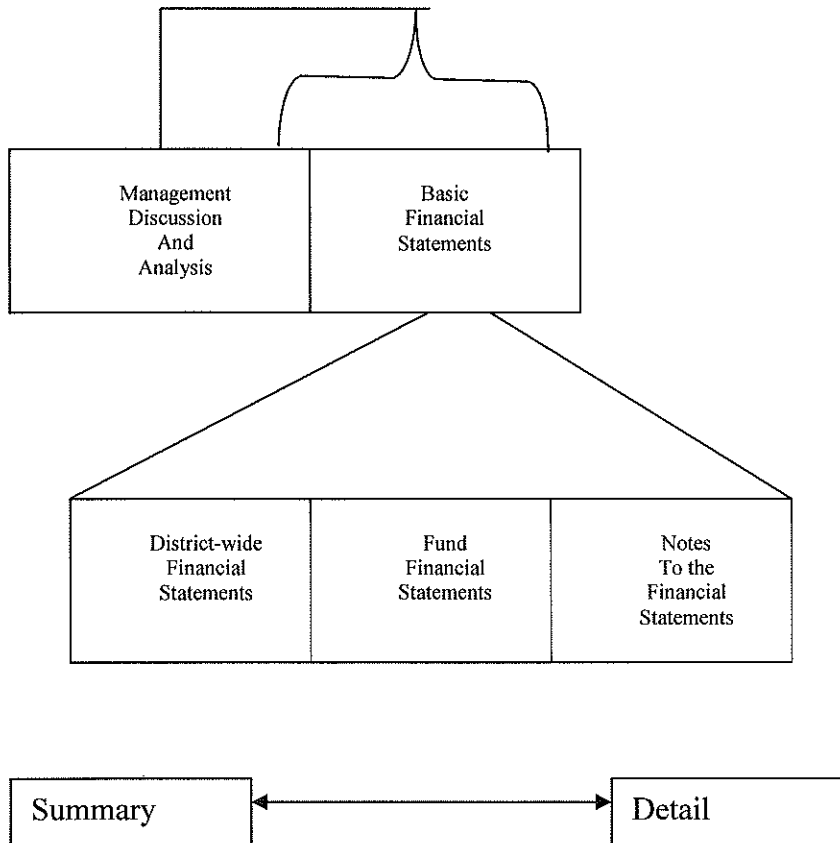
Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

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, 2017

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, 2017

- 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, 2017

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 \$5,670,719 and \$5,617,250 on June 30, 2017 and 2016, respectively as follows:

	Net Position					
	As of June 30, 2017 and 2016					
	Governmental Activities		Business- Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current Assets	\$ 2,400,684	\$ 2,093,698			\$ 2,400,684	\$ 2,093,698
Capital Assets	14,590,240	15,204,862	\$ 9,936	\$ 11,746	14,600,176	15,216,608
Total Assets	<u>16,990,924</u>	<u>17,298,560</u>	<u>9,936</u>	<u>11,746</u>	<u>17,000,860</u>	<u>17,310,306</u>
Total Deferred Outflows of Resources	<u>1,883,171</u>	<u>906,554</u>	<u>-</u>	<u>-</u>	<u>1,883,171</u>	<u>906,554</u>
Total Assets and Deferred Outflows of Resources	<u>18,874,095</u>	<u>18,205,114</u>	<u>9,936</u>	<u>11,746</u>	<u>18,884,031</u>	<u>18,216,860</u>
Long-Term Liabilities	12,478,182	11,796,031			12,478,182	11,796,031
Other Liabilities	197,864	287,145	-	-	197,864	287,145
Total Liabilities	<u>12,676,046</u>	<u>12,083,176</u>	<u>-</u>	<u>-</u>	<u>12,676,046</u>	<u>12,083,176</u>
Total Deferred Inflows of Resources	<u>537,266</u>	<u>516,434</u>	<u>-</u>	<u>-</u>	<u>537,266</u>	<u>516,434</u>
Total Liabilities and Deferred Inflows of Resources	<u>13,213,312</u>	<u>12,599,610</u>	<u>-</u>	<u>-</u>	<u>13,213,312</u>	<u>12,599,610</u>
Net Position						
Net Investment in Capital Assets	9,142,964	8,978,991	9,936	11,746	9,152,900	8,990,737
Restricted	1,206,701	1,020,183			1,206,701	1,020,183
Unrestricted	(4,688,882)	(4,393,670)	-	-	(4,688,882)	(4,393,670)
Total Net Position	<u>\$ 5,660,783</u>	<u>\$ 5,605,504</u>	<u>\$ 9,936</u>	<u>\$ 11,746</u>	<u>\$ 5,670,719</u>	<u>\$ 5,617,250</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, 2017

The District's total net position of \$5,670,719 at June 30, 2017 represents a \$53,469 or 1%, increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2017 and 2016.

Change in Net Position
For The Fiscal Years Ended June 30, 2017 and 2016

	Governmental		Business-		Total	
	Activities		Type			
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 265,699	\$ 215,840	\$ 6,313	\$ 9,436	\$ 272,012	\$ 225,276
Operating Grants and Contributions	5,949,438	4,804,584			5,949,438	4,804,584
Capital Grants and Contributions		218,425			-	218,425
General Revenues						
Property Taxes	17,943,855	17,461,432			17,943,855	17,461,432
Unrestricted State Aid	18,347	9,752			18,347	9,752
Other	125,508	191,377	-	-	125,508	191,377
Total Revenues	24,302,847	22,901,410	6,313	9,436	24,309,160	22,910,846
Expenses						
Instruction						
Regular	8,898,679	8,312,608			8,898,679	8,312,608
Special Education	4,448,709	3,884,339			4,448,709	3,884,339
Other Instruction	392,057	216,185			392,057	216,185
School Sponsored Activities and Athletics	192,970	208,900			192,970	208,900
Support Services					-	
Student and Instruction Related Services	3,670,298	3,203,838			3,670,298	3,203,838
General Administrative Services	675,383	653,608			675,383	653,608
School Administrative Services	1,231,262	1,072,812			1,231,262	1,072,812
Central Administrative Services	631,307	576,944			631,307	576,944
Plant Operations and Maintenance	2,827,407	2,781,829			2,827,407	2,781,829
Pupil Transportation	1,041,017	970,710			1,041,017	970,710
Interest on Debt	235,145	272,166			235,145	272,166
Food Services	-	-	11,457	14,847	11,457	14,847
Total Expenses	24,244,234	22,153,939	11,457	14,847	24,255,691	22,168,786
Increase (Decrease) in Net Position Before Transfers	58,613	747,471	(5,144)	(5,411)	53,469	742,060
Transfers	(3,334)	(3,601)	3,334	3,601	-	-
Increase (Decrease) in Net Position	55,279	743,870	(1,810)	(1,810)	53,469	742,060
Net Position, Beginning of Year	5,605,504	4,861,634	11,746	13,556	5,617,250	4,875,190
Net Position, End of Year	\$ 5,660,783	\$ 5,605,504	\$ 9,936	\$ 11,746	\$ 5,670,719	\$ 5,617,250

FLORHAM PARK BOARD OF EDUCATION

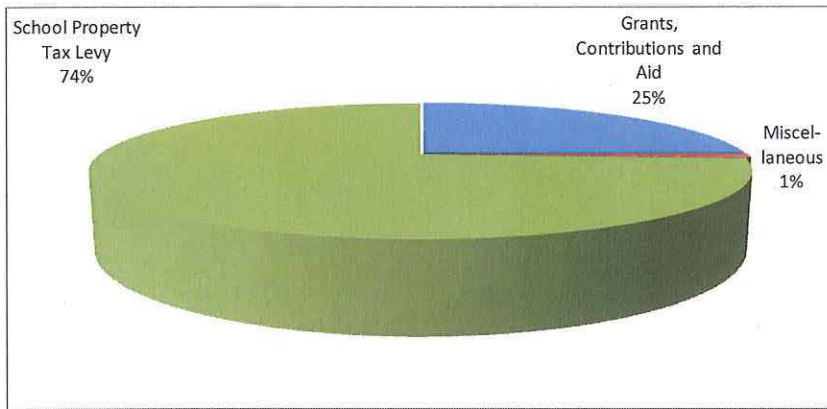
Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$24,302,847 for the fiscal year ended June 30, 2017, property taxes of \$17,943,855 represented 74% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state aid which totaled \$5,967,785 and represented 25% 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 1% of revenues.

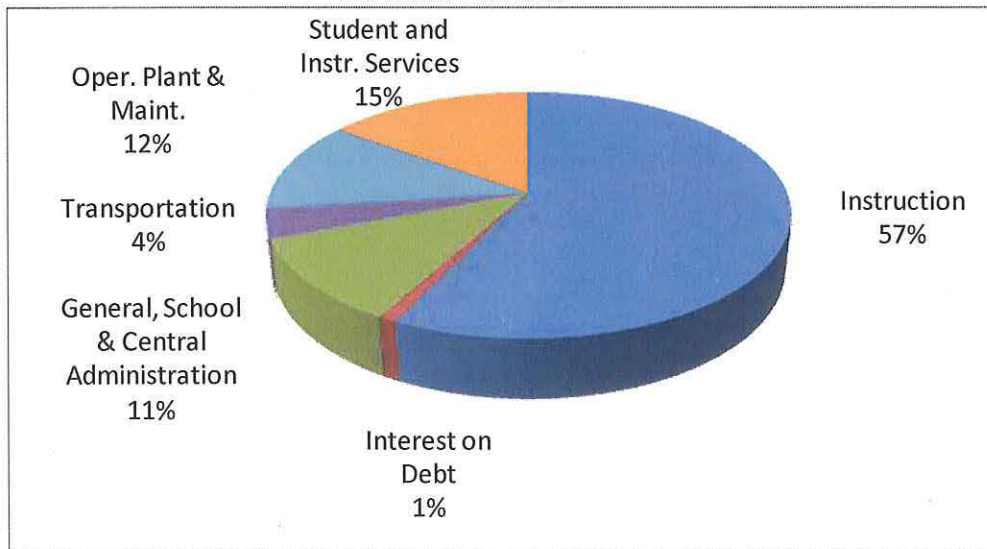
The total cost of all governmental activities programs and services was \$24,244,234 for the fiscal year ended June 30, 2017. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$13,932,415 (57%) of total expenses. Support services costs were \$10,076,674 (42%) of total expenses and interest on debt totaled \$235,145 (1%) of total expenses.

For fiscal year 2017, total governmental activities revenues exceeded expenses and transfers out increasing net position for governmental activities by \$55,279 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2017



Expenses by Use – Governmental Activities
For Fiscal Year 2017



FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

Total and Net Cost of Governmental Activities. The District's total cost of services was \$24,244,234. After applying program revenues, derived from operating and capital grants and contributions of \$5,949,438, and charges for services of \$265,699, the net cost of services of the District is \$18,029,097 for the fiscal year ended June 30, 2017.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2017 and 2016**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction				
Regular	\$ 8,898,679	\$ 8,312,608	\$ 6,086,271	\$ 6,092,705
Special Education	4,448,709	3,884,339	2,755,692	2,474,037
Other Instruction	392,057	216,185	268,507	149,531
School Sponsored Activities and Athletics	192,970	208,900	192,970	208,900
Support Services		-		
Student and Instruction Related Services	3,670,298	3,203,838	2,825,085	2,497,111
General Administrative Services	675,383	653,608	569,481	565,841
School Administrative Services	1,231,262	1,072,812	960,500	863,330
Central Administrative Services	631,307	576,944	541,229	501,846
Plant Operations and Maintenance	2,827,407	2,781,829	2,805,085	2,540,685
Pupil Transportation	1,041,017	970,710	789,132	748,938
Interest on Debt	235,145	272,166	235,145	272,166
Total	\$ 24,244,234	\$ 22,153,939	\$ 18,029,097	\$ 16,915,090

Business-Type Activities – The District's total business-type activities revenues were \$6,313 for the fiscal year ended June 30, 2017. Charges for services accounted for 100% of total revenues.

Total cost of all business-type activities programs and services was \$11,457 for the fiscal year ended June 30, 2017.

There were transfers of \$3,334 from governmental activities during the year.

For fiscal year 2017, 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, 2017

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 \$2,310,164 at June 30, 2017, an increase of \$378,850 from last year's fund balance of \$1,931,314. This increase was mainly attributable to a combination of revenues which exceeded budget estimates as well as expenditures which were less than amounts budgeted for the 2016/2017 school year in the general fund.

Revenues for the District's governmental funds were \$21,100,044, while total expenditures were \$20,732,109 for the fiscal year ended June 30, 2017.

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, 2017</u>	<u>June 30, 2016</u>		
Local Sources				
Property Taxes	\$ 16,900,649	\$ 16,414,276	\$ 486,373	3%
Other	391,207	407,217	(16,010)	-4%
State Sources	<u>2,449,339</u>	<u>2,264,971</u>	<u>184,368</u>	8%
Total General Fund Revenues	<u>\$ 19,741,195</u>	<u>\$ 19,086,464</u>	<u>\$ 654,731</u>	3%

For fiscal year 2017, total General Fund revenues increased \$654,731 or 3% from the previous year. Property taxes increased \$486,373 or 3% to support increases in operating costs. As indicated, State aid increased \$184,368 or 8% mainly due to increases in on behalf TPAF pension benefit contributions made by the State for the District's teaching professionals.

The following schedule presents a summary of General Fund expenditures.

	<u>Fiscal Year Ended</u>		Amount of Increase (Decrease)	Percent Change
	<u>June 30, 2017</u>	<u>June 30, 2016</u>		
Instruction	\$ 11,083,667	\$ 10,721,007	\$ 362,660	3%
Support Services	8,157,286	7,884,044	273,242	3%
Debt Service	2,200		2,200	
Capital Outlay	<u>127,526</u>	<u>108,687</u>	<u>18,839</u>	17%
Total Expenditures	<u>\$ 19,370,679</u>	<u>\$ 18,713,738</u>	<u>\$ 656,941</u>	4%

For fiscal year 2017, total General Fund expenditures increased \$656,941 or 4% from the previous year. Notable increases during the year were attributed to increases in special education instruction costs and student and instruction related support services costs.

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2017

GENERAL FUND (Continued)

In fiscal year 2017 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$469,278. Therefore, total fund balance increased to \$2,310,164 at June 30, 2017. After deducting restricted and assigned fund balances, the unassigned fund balance increased from \$303,854 at June 30, 2016 to \$313,123 at June 30, 2017. In addition, the District increased its restricted fund balances for capital reserve by \$276,946 at year end.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2017, the District had \$14,590,240 invested in land, buildings, furniture, equipment and vehicles for governmental activities. Depreciation charges for fiscal year 2016-2017 amounted to \$742,148 for governmental activities. The following is a comparison of the June 30, 2017 and 2016 balances:

Capital Assets as of June 30, 2017 and 2016		<u>Governmental Activities</u>	
		<u>2017</u>	<u>2016</u>
Land	\$	1,156,663	\$ 1,156,663
Land Improvements		1,369,190	1,369,190
Buildings and Building Improvements		24,212,500	24,151,599
Machinery and Equipment		<u>2,038,988</u>	<u>1,972,363</u>
		28,777,341	28,649,815
Less Accumulated Depreciation		<u>(14,187,101)</u>	<u>(13,444,953)</u>
Total		<u>\$ 14,590,240</u>	<u>\$ 15,204,862</u>

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

LONG TERM LIABILITIES

At June 30, 2017 the District had \$12,478,182 of total outstanding long term liabilities. Of this amount, \$5,618,821 is for serial bonds, \$12,583 is for capital leases, \$407,949 is for compensated absences and \$6,438,829 is for the District's net pension liability. For fiscal year 2016-2017 total outstanding long-term liabilities increased by \$682,151. The following is a comparison of the June 30, 2017 and 2016 balances:

Outstanding Long-Term Debt as of June 30, 2017 and 2016		<u>Governmental Activities</u>	
		<u>2017</u>	<u>2016</u>
Serial Bonds (Including Original Issue Premium)	\$	5,618,821	\$ 6,456,204
Capital Leases Payable		12,583	
Compensated Absences		407,949	187,606
Net Pension Liability		<u>6,438,829</u>	<u>5,152,221</u>
Total		<u>\$ 12,478,182</u>	<u>\$ 11,796,031</u>

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

FLORHAM PARK BOARD OF EDUCATION

Management's Discussion and Analysis Fiscal Year Ended June 30, 2017

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into several 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 2017 General Fund budgetary revenues and other financing sources exceeded budgetary expenditures and other financing uses increasing budgetary fund balance by \$467,919 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$7,910 from \$414,660 at June 30, 2016 to \$422,570 at June 30, 2017. In addition, the District increased its capital reserve \$276,946 from \$869,755 at June 30, 2016 to \$1,146,701 at June 30, 2017.

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 2017-2018 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 2017-2018. Budgeted expenditures in the General Fund increased approximately 6% to \$18,996,324 for fiscal year 2017-2018. Overall contractual salary requirements remained relatively unchanged, an increase in regular instruction costs, employee benefit costs and capital outlay appropriations was the main factor for the increase in the 2017-2018 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, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,240,183		\$ 2,240,183
Receivables, net	160,501		160,501
Capital Assets, Not Being Depreciated	1,156,663		1,156,663
Capital Assets, Being Depreciation, Net	<u>13,433,577</u>	\$ 9,936	<u>13,443,513</u>
Total Assets	<u>16,990,924</u>	<u>9,936</u>	<u>17,000,860</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	184,128		184,128
Deferred Amounts on Net Pension Liability	<u>1,699,043</u>	-	<u>1,699,043</u>
Total Deferred Outflows of Resources	<u>1,883,171</u>	-	<u>1,883,171</u>
Total Assets and Deferred Outflows of Resources	<u>18,874,095</u>	<u>9,936</u>	<u>18,884,031</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	23,845		23,845
Payable to Other Governments	35,914		35,914
Accrued Interest Payable	107,344		107,344
Unearned Revenue	30,761		30,761
Noncurrent Liabilities			
Due Within One Year	832,624		832,624
Due Beyond One Year	<u>11,645,558</u>	-	<u>11,645,558</u>
Total Liabilities	<u>12,676,046</u>	-	<u>12,676,046</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>537,266</u>	-	<u>537,266</u>
Total Deferred Inflows of Resources	<u>537,266</u>	-	<u>537,266</u>
Total Liabilities and Deferred Inflows of Resources	<u>13,213,312</u>	-	<u>13,213,312</u>
NET POSITION			
Net Investment in Capital Assets	9,142,964	9,936	9,152,900
Restricted for			
Capital Projects	1,146,701		1,146,701
Plant Maintenance	60,000		60,000
Unrestricted	<u>(4,688,882)</u>	-	<u>(4,688,882)</u>
Total Net Position	<u>\$ 5,660,783</u>	<u>\$ 9,936</u>	<u>\$ 5,670,719</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, 2017**

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
Governmental Activities							
Instruction							
Regular	\$ 8,898,679	\$ 66,500	\$ 2,745,908		\$ (6,086,271)		\$ (6,086,271)
Special Education	4,448,709		1,693,017		(2,755,692)		(2,755,692)
Other Instruction	392,057		123,550		(268,507)		(268,507)
School Sponsored Activities and Athletics	192,970				(192,970)		(192,970)
Support Services							
Student and Instruction Related Services	3,670,298		845,213		(2,825,085)		(2,825,085)
General Administrative Services	675,383		105,902		(569,481)		(569,481)
School Administrative Services	1,231,262		270,762		(960,500)		(960,500)
Central Administrative Services	631,307		90,078		(541,229)		(541,229)
Plant Operations and Maintenance	2,827,407		22,322		(2,805,085)		(2,805,085)
Pupil Transportation	1,041,017	199,199	52,686		(789,132)		(789,132)
Interest on Debt	235,145	-	-	-	(235,145)	-	(235,145)
Total Governmental Activities	<u>24,244,234</u>	<u>265,699</u>	<u>5,949,438</u>	<u>-</u>	<u>(18,029,097)</u>	<u>-</u>	<u>(18,029,097)</u>
Business-Type Activities							
Food Service	11,457	6,313	-	-	-	\$ (5,144)	(5,144)
Total Business-Type Activities	<u>11,457</u>	<u>6,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,144)</u>	<u>(5,144)</u>
Total Primary Government	<u>\$ 24,255,691</u>	<u>\$ 272,012</u>	<u>\$ 5,949,438</u>	<u>\$ -</u>	<u>(18,029,097)</u>	<u>(5,144)</u>	<u>(18,034,241)</u>
General Revenues							
Taxes							
Property Tax, Levied for General Purposes					16,900,649		16,900,649
Property Tax, Levied for Debt Service					1,043,206		1,043,206
Unrestricted State Aid					18,347		18,347
Investment Earnings					10,751		10,751
Miscellaneous Income					114,757		114,757
Transfers					(3,334)	3,334	-
Total General Revenues and Transfers					<u>18,084,376</u>	<u>3,334</u>	<u>18,087,710</u>
Change in Net Position					55,279	(1,810)	53,469
Net Position, Beginning of Year					<u>5,605,504</u>	<u>11,746</u>	<u>5,617,250</u>
Net Position, End of Year					<u>\$ 5,660,783</u>	<u>\$ 9,936</u>	<u>\$ 5,670,719</u>

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

FUND FINANCIAL STATEMENTS

**FLORHAM PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,237,105	\$ 3,078			\$ 2,240,183
Receivables from Other Governments	102,303	49,885			152,188
Due from Other Funds	8,313	-	-	-	8,313
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,347,721</u>	<u>\$ 52,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,400,684</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 23,557	\$ 288			\$ 23,845
Intergovernmental Payable - State		34,401			34,401
Intergovernmental Payable - Federal		1,513			1,513
Unearned Revenue	14,000	16,761	-	-	30,761
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>37,557</u>	<u>52,963</u>	<u>-</u>	<u>-</u>	<u>90,520</u>
Fund Balances					
Restricted					
Capital Reserve	516,701				516,701
Capital Reserve - Designated for Subsequent Year's Expenditures	630,000				630,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures	60,000				60,000
Emergency Reserve	250,000				250,000
Excess Surplus	43,736				43,736
Excess Surplus - Designated for Subsequent Year's Expenditures	49,710				49,710
Assigned					
Year End Encumbrances	366,894				366,894
Designated for Subsequent Year Expenditures	80,000				80,000
Unassigned	313,123	-	-	-	313,123
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>2,310,164</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,310,164</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 2,347,721</u>	<u>\$ 52,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,400,684</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, 2017

Total Fund Balances (Exhibit B-1) \$ 2,310,164

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$28,777,341 and the accumulated depreciation is \$14,187,101. 14,590,240

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. 184,128

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 \$ 1,699,043
Deferred Inflows of Resources (537,266)
1,161,777

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (107,344)

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 5,618,821
Capital Leases Payable 12,583
Compensated Absences 407,949
Net Pension Liability 6,438,829
(12,478,182)

Total Net Position of Governmental Activities (Exhibit A-1) \$ 5,660,783

**FLORHAM PARK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 16,900,649			\$ 1,043,206	\$ 17,943,855
Tuition	66,500				66,500
Transportation Fees	199,199				199,199
Interest	10,751				10,751
Miscellaneous	114,757	\$ 18,558	-	-	133,315
Total - Local Sources	17,291,856	18,558	-	1,043,206	18,353,620
State Sources	2,449,339	39,166			2,488,505
Federal Sources	-	257,919	-	-	257,919
Total Revenues	19,741,195	315,643	-	1,043,206	21,100,044
EXPENDITURES					
Current					
Instruction					
Regular	7,059,031	39,548			7,098,579
Special Education	3,530,804	209,390			3,740,194
Other Instruction	311,279	8,866			320,145
School-Sponsored Activities and Athletics	182,553				182,553
Support Services					
Student and Instruction Related Services	3,017,446	52,389			3,069,835
General Administrative Services	598,606		\$ 2,581		601,187
School Administrative Services	993,800				993,800
Central Services	546,118				546,118
Plant Operations and Maintenance	2,024,037	5,450			2,029,487
Student Transportation Services	977,279				977,279
Debt Service					
Principal	1,666			790,000	791,666
Interest and Other Charges	534			253,206	253,740
Capital Outlay	127,526	-	-	-	127,526
Total Expenditures	19,370,679	315,643	2,581	1,043,206	20,732,109
Excess (Deficiency) of Revenues Over (Under) Expenditures	370,516	-	(2,581)	-	367,935
OTHER FINANCING SOURCES/(USES)					
Capital Lease Proceeds	14,249				14,249
Transfers In	87,847				87,847
Transfers Out	(3,334)	-	(87,847)	-	(91,181)
Total Other Financing Uses	98,762	-	(87,847)	-	10,915
Net Change in Fund Balances	469,278	-	(90,428)	-	378,850
Fund Balance, Beginning of Year	1,840,886	-	90,428	-	1,931,314
Fund Balance, End of Year	\$ 2,310,164	\$ -	\$ -	\$ -	\$ 2,310,164

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, 2017**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 378,850

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	\$ 127,526	
Depreciation Expense	<u>(742,148)</u>	
		(614,622)

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	(220,343)	
Increase in Pension Expense	<u>(284,618)</u>	
		(504,961)

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.

Principal Payments		
Serial Bond Principal	790,000	
Capital Leases	<u>1,666</u>	
		791,666

The issuance of long-term debt provides current financial resources to governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities.

Capital Lease Proceeds		(14,249)
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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	47,383	
Amortization of Deferred Amounts on Refunding	<u>(46,205)</u>	
		1,178

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>17,417</u>
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Change in net position of governmental activities (Exhibit A-2) \$ 55,279

**FLORHAM PARK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

	Non-Major Enterprise Fund <u>Food Service</u>
ASSETS	
Non-Current Assets	
Capital Assets	
Equipment	\$ 116,396
Less: Accumulated Depreciation	<u>(106,460)</u>
Total Non-Current Assets	<u>9,936</u>
Total Assets	<u>9,936</u>
 NET POSITION	
Net Investment in Capital Assets	<u>9,936</u>
Total Net Position	<u>\$ 9,936</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, 2017**

	Non-Major Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Local Sources	
Daily Sales	\$ <u>6,313</u>
Total Operating Revenues	<u>6,313</u>
OPERATING EXPENSES	
Cost of Sales	7,932
Other Purchased Services	1,715
Depreciation	<u>1,810</u>
Total Operating Expenses	<u>11,457</u>
Operating Loss Before Transfer	(5,144)
Transfer In	<u>3,334</u>
Changes in Net Position	(1,810)
Net Position, Beginning of Year	<u>11,746</u>
Net Position, End of Year	<u>\$ 9,936</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, 2017**

	Non-Major Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 6,313
Cash Payments to Suppliers for Goods and Services	<u>(9,647)</u>
Net Cash (Used for) Operating Activities	<u>(3,334)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from General Fund	<u>3,334</u>
Net Cash Provided by Noncapital Financing Activities	<u>3,334</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>(5,144)</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>\$ (3,334)</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, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 88,383	\$ 5,553	\$ 84,858
Due from Other Funds	<u>6,424</u>	<u>-</u>	<u>-</u>
Total Assets	<u>94,807</u>	<u>5,553</u>	<u>\$ 84,858</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 5,888
Accrued Salaries and Wages			1,963
Flex Spending Deposits			268
Due to Other Funds			14,737
Intergovernmental Payable - State	107		
Due to Student Groups	<u>-</u>	<u>-</u>	<u>62,002</u>
Total Liabilities	<u>107</u>	<u>-</u>	<u>\$ 84,858</u>
NET POSITION			
^ Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 94,700</u>	<u>\$ 5,553</u>	

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 18,155	
Investment Earnings		
Interest	<u>298</u>	<u>\$ 20</u>
Total Additions	<u>18,453</u>	<u>20</u>
DEDUCTIONS		
Scholarship Awards		
Unemployment Claims and Contributions	<u>796</u>	<u>-</u>
Total Deductions	<u>796</u>	<u>-</u>
Change in Net Position	17,657	20
Net Position, Beginning of Year	<u>77,043</u>	<u>5,533</u>
Net Position, End of Year	<u>\$ 94,700</u>	<u>\$ 5,553</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, 2017**

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, 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 2017, the District adopted the following GASB statements:

- 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*. 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. 77, *Tax Abatement Disclosures*. 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. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*. 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.

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

- 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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

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, 2017**

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, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

When both restricted and unrestricted resources are available for use, it is the 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 acquisition 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.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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)*

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

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

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

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to 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 type of 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, 2017**

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 reported 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 with the unamortized 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, 2017**

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 2017/2018 District budget certified for taxes.

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2017/2018 District budget certified for taxes. (See Note 2C)

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that was 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, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 2015-2016 and 2016-2017 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, 2017**

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 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$381,451. The increase was funded by additional fund balance appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriation of \$74,972 from the general fund on August 26, 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 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, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016		\$ 869,755
Increased by		
Deposits Approved by Board Resolution	\$ 250,000	
Transfer of Unexpended Project Balances from Capital Outlay	39,099	
Transfer of Unexpended Project Balances from Capital Projects Fund	<u>87,847</u>	
		<u>376,946</u>
		1,246,701
Decreased by		
Withdrawals Approved in District Budget		<u>100,000</u>
Balance, June 30, 2017		<u>\$ 1,146,701</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. Of the capital reserve balance at June 30, 2017, \$630,000 was designated and appropriated in the 2017/2018 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.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

The activity of the maintenance reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	\$ <u>60,000</u>
Balance, June 30, 2017	\$ <u>60,000</u>

The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$994,136. The entire maintenance reserve balance at June 30, 2017 was designated and appropriated in the 2017/2018 original budget certified for taxes.

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 or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. 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, 2017 is as follows:

Balance, July 1, 2016	\$ <u>250,000</u>
Balance, June 30, 2017	\$ <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, 2017 is \$93,446. Of this amount, \$49,710 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$43,736 will be appropriated in the 2018/2019 original budget certified for taxes.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$2,418,977 and bank and brokerage firm balances of the Board's deposits amounted to \$2,915,413. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>2,915,413</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 none of the Board's bank balance was exposed to custodial credit risk.

Investments

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

As of June 30, 2017, the Board had no outstanding investments.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2017 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>Total</u>
Receivables:			
Intergovernmental			
Federal		\$ 47,155	\$ 47,155
State	\$ 8,798		8,798
Local	93,505	2,730	96,235
Gross Receivables	102,303	49,885	152,188
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 102,303</u>	<u>\$ 49,885</u>	<u>\$ 152,188</u>

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:

General Fund	
Prepaid Tuition Fees	\$ 14,000
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>16,761</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 30,761</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2017</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,156,663	-	-	\$ 1,156,663
Total Capital Assets, Not Being Depreciated	<u>1,156,663</u>	<u>-</u>	<u>-</u>	<u>1,156,663</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,369,190			1,369,190
Building and Building Improvements	24,151,599	\$ 60,901		24,212,500
Machinery and Equipment	1,972,363	66,625	-	2,038,988
Total Capital Assets Being Depreciated	<u>27,493,152</u>	<u>127,526</u>	<u>-</u>	<u>27,620,678</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,171,454)	(47,516)		(1,218,970)
Building and Building Improvements	(10,510,216)	(638,808)		(11,149,024)
Machinery and Equipment	(1,763,283)	(55,824)	-	(1,819,107)
Total Accumulated Depreciation	<u>(13,444,953)</u>	<u>(742,148)</u>	<u>-</u>	<u>(14,187,101)</u>
Total Assets, Being Depreciation, Net	<u>14,048,199</u>	<u>(614,622)</u>	<u>-</u>	<u>13,433,577</u>
Government Activities Capital Assets, Net	<u>\$ 15,204,862</u>	<u>\$ (614,622)</u>	<u>\$ -</u>	<u>\$ 14,590,240</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2017</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 116,396	-	-	\$ 116,396
Total Capital Assets Being Depreciated	<u>116,396</u>	<u>-</u>	<u>-</u>	<u>116,396</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(104,650)	\$ (1,810)	-	(106,460)
Total Accumulated Depreciation	<u>(104,650)</u>	<u>(1,810)</u>	<u>-</u>	<u>(106,460)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,746</u>	<u>(1,810)</u>	<u>-</u>	<u>9,936</u>
Business-Type Activities Capital Assets, Net	<u>\$ 11,746</u>	<u>\$ (1,810)</u>	<u>\$ -</u>	<u>\$ 9,936</u>

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

Governmental Activities:

Instruction	
Regular	\$ 8,827
Total Instruction	<u>8,827</u>
Support Services	
Student and Instruction Related Services	2,387
General Administrative Services	952
School Administrative Services	1,350
Central Administrative Services	428
Plant Operations and Maintenance	710,236
Pupil Transportation	17,968
Total Support Services	<u>733,321</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 742,148</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 1,810</u>

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has other significant commitments at June 30, 2017 as follows:

<u>Purposes</u>	<u>Remaining Commitment</u>
Purchase of Ford Pick-Up Truck	\$ 36,589
Purchase of Technology Infrastructure Equipment	<u>69,235</u>
	<u>\$ 105,824</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	\$ 8,313
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>6,424</u>
Total		<u>\$ 14,737</u>

The above balances are the result of amounts received in one fund which are due to another fund.

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

Interfund transfers

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Enterprise Fund Food Service</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 3,334	\$ 3,334
Capital Projects Fund	<u>\$ 87,847</u>	<u>-</u>	<u>87,847</u>
Total transfers out	<u>\$ 87,847</u>	<u>\$ 3,334</u>	<u>\$ 91,181</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund and the return of unspent financing sources to their originating fund.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing a copier totaling \$14,249 under a capital lease. The lease is for a term of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	<u>\$ 14,249</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 3,300
2019	3,300
2020	3,300
2021	3,300
2022	<u>1,100</u>
Total minimum lease payments	14,300
Less: amount representing interest	<u>(1,717)</u>
Present value of minimum lease payments	<u>\$ 12,583</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017 are comprised of the following issues:

\$9,185,000, 2009 Refunding Bonds, due in annual installments of \$830,000 to \$945,000 through July 15, 2022, interest at 3.50% to 5.00% \$5,430,000

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,	Serial Bonds		Total
	Principal	Interest	
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	940,000	57,775	997,775
2023	945,000	18,900	963,900
	<u>\$ 5,430,000</u>	<u>\$ 703,391</u>	<u>\$ 6,133,391</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 92,265,379
Less: Net Debt	<u>5,430,000</u>
Remaining Borrowing Power	<u>\$ 86,835,379</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 6,220,000		\$ 790,000	\$ 5,430,000	\$ 830,000
Add: Original Issue Premium	236,204	-	47,383	188,821	-
Total Bonds Payable	6,456,204	-	837,383	5,618,821	830,000
Capital Leases Payable		\$ 14,249	1,666	12,583	2,624
Compensated Absences	187,606	220,343		407,949	
Net Pension Liability	5,152,221	1,479,745	193,137	6,438,829	-
Governmental Activities Long-Term Liabilities	<u>\$ 11,796,031</u>	<u>\$ 1,714,337</u>	<u>\$ 1,032,186</u>	<u>\$ 12,478,182</u>	<u>\$ 832,624</u>

For the governmental activities, the liabilities for capital leases, 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 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, 2017**

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 Group are on file with the School's Business Administrator.

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

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

Fiscal Year Ended <u>June 30,</u>	District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2017	None	\$ 18,155	\$ 796	\$ 94,700
2016	\$ 25,000	18,261	19,422	77,043
2015	None	16,866	19,601	53,090

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2015 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 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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 7.06% for PERS, 7.06% 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, 2017 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, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively 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>
2017	\$ 193,137	\$ 737,416	\$ 13,746
2016	197,324	533,727	16,575
2015	204,276	386,152	15,124

In addition for fiscal year 2016/2017 the State contributed \$752 for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$524,624 during the fiscal year ended June 30, 2017 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.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$6,438,829 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the District's proportionate share was .02174 percent, which was a decrease of .00121 percent from its proportionate share measured as of June 30, 2015 of .02295 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$477,755 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 119,743	
Changes of Assumptions	1,333,782	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	245,518	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>-</u>	<u>\$ 537,266</u>
Total	<u>\$ 1,699,043</u>	<u>\$ 537,266</u>

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 261,874
2019	261,874
2020	261,874
2021	261,874
2022	<u>114,281</u>
	<u>\$ 1,161,777</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.98%, 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 (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 7,890,033</u>	<u>\$ 6,438,829</u>	<u>\$ 5,240,734</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. 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 report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**FLORHAM PARK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,940,219 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, 2017 the State's proportionate share of the net pension liability attributable to the District is \$52,441,105. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .06666 percent, which was a decrease of .00477 percent from its proportionate share measured as of June 30, 2015 of .07143 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.22%, 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	1% Decrease <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 62,626,399</u>	<u>\$ 52,441,105</u>	<u>\$ 44,123,498</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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

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

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

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 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, 2017**

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, 2016, there were 110,512 , retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017, 2016 and 2015 were \$614,435, \$635,522 and \$613,016 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.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Florham Park Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGET COMPARISON SCHEDULES

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 16,900,649		\$ 16,900,649	\$ 16,900,649	
Tuition	49,000		49,000	66,500	\$ 17,500
Transportation Fees From Individuals	43,000		43,000	59,627	16,627
Transportation Fees From Other LEA's	50,000		50,000	139,572	89,572
Interest				10,751	10,751
Miscellaneous	60,395	-	60,395	114,757	54,362
Total Local Sources	17,103,044	-	17,103,044	17,291,856	188,812
State Sources					
Special Education Aid	407,427		407,427	407,427	
Transportation Aid	44,317		44,317	44,317	
Security Aid	17,063		17,063	17,063	
PARCC Readiness Aid	9,750		9,750	9,750	
Per Pupil Growth Aid	9,750		9,750	9,750	
Professional Learning Community Aid	9,460		9,460	9,460	
Extraordinary Aid				64,188	64,188
Additional Nonpublic Transportation Aid				8,798	8,798
On-behalf TPAF Pension Payments - Pension Contribution (Non-Budget)				711,632	711,632
NCGI Premium (Non-Budget)				25,784	25,784
On-behalf TPAF OPEB Payments - Post Retirement Medical Benefits (Non-Budget)				614,435	614,435
On-behalf TPAF LTDI Payments - Long-Term Disability Insurance (Non-Budget)				752	752
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	524,624	524,624
Total State Sources	497,767	-	497,767	2,447,980	1,950,213
Total Revenues	17,600,811	-	17,600,811	19,739,836	2,139,025
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	54,490	\$ 28,227	82,717	82,717	
Kindergarten	319,689	8,833	328,522	328,522	
Grades 1-5	2,091,670	(65,256)	2,026,414	2,026,414	
Grades 6-8	1,798,919	22,736	1,821,655	1,821,655	
Regular Program - Home Instruction Salaries of Teachers	10,000	(8,380)	1,620	1,620	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction		8,426	8,426	8,426	
Purchased Professional/Educational Services	11,000	(3,925)	7,075	7,075	
Purchased Technical Services	68,085	(13,147)	54,938	54,938	
Other Purchased Services	134,205	23,850	158,055	157,271	784
General Supplies	282,318	8,119	290,437	282,700	7,737
Textbooks	65,700	(18,400)	47,300	46,150	1,150
Other Objects	9,900	16	9,916	9,916	-
Total Regular Programs	4,845,976	(8,901)	4,837,075	4,827,404	9,671
Special Education Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	72,755	(6,977)	65,778	65,778	
Other Salaries for Instruction	30,607	989	31,596	31,596	
General Supplies	1,350		1,350	776	574
Textbooks	400	-	400	400	-
Total Learning and/or Language Disabilities	105,112	(5,988)	99,124	98,550	574

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 1,351,437	\$ 106,699	\$ 1,458,136	\$ 1,458,136	
Other Salaries for Instruction	370,818	3,298	374,116	374,116	
General Supplies	8,100	(1,754)	6,346	6,346	
Textbooks	2,250	(254)	1,996	1,996	-
Total Resource Room	<u>1,732,605</u>	<u>107,989</u>	<u>1,840,594</u>	<u>1,840,594</u>	<u>-</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	57,175	13,499	70,674	70,674	
Other Salaries for Instruction	106,115	17,446	123,561	123,561	
General Supplies	1,585	3,818	5,403	5,403	-
Total Preschool Disabilities - Full-Time	<u>164,875</u>	<u>34,763</u>	<u>199,638</u>	<u>199,638</u>	<u>-</u>
Total Special Education	<u>2,002,592</u>	<u>136,764</u>	<u>2,139,356</u>	<u>2,138,782</u>	<u>\$ 574</u>
Basic Skills/Remedial					
Salaries of Teachers	50,770	68,080	118,850	118,350	500
General Supplies	950	(1)	949	949	
Textbooks	-	31,812	31,812	31,812	-
Total Basic Skills/Remedial	<u>51,720</u>	<u>99,891</u>	<u>151,611</u>	<u>151,111</u>	<u>500</u>
Bilingual Education - Instruction					
Salaries of Teachers	61,912		61,912	61,879	33
General Supplies	550	-	550	261	289
Total Bilingual Education - Instruction	<u>62,462</u>	<u>-</u>	<u>62,462</u>	<u>62,140</u>	<u>322</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	70,000	(4,954)	65,046	65,046	
Supplies and Materials	11,101	(3,457)	7,644	7,086	558
Total School Sponsored Co/Extra Curricular Activities	<u>81,101</u>	<u>(8,411)</u>	<u>72,690</u>	<u>72,132</u>	<u>558</u>
School Sponsored Athletics					
Salaries	35,000	9,720	44,720	44,720	
Purchased Services	12,000	(500)	11,500	11,500	
Supplies and Materials	4,600	(459)	4,141	4,141	
Other Objects	1,850	(350)	1,500	1,500	-
Total School Sponsored Athletics	<u>53,450</u>	<u>8,411</u>	<u>61,861</u>	<u>61,861</u>	<u>-</u>
Other Instructional Programs					
Salaries	2,700		2,700	2,664	36
Supplies and Materials	1,150	-	1,150	1,025	125
Total Other Instructional Programs	<u>3,850</u>	<u>-</u>	<u>3,850</u>	<u>3,689</u>	<u>161</u>
Total Instruction	<u>7,101,151</u>	<u>227,754</u>	<u>7,328,905</u>	<u>7,317,119</u>	<u>11,786</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Special	257,000	14,065	271,065	271,064	1
Tuition to Priv. Sch. for the Disabled Within the State	202,869	87,637	290,506	64,295	226,211
Total Undistributed Expenditures - Instruction	<u>459,869</u>	<u>101,702</u>	<u>561,571</u>	<u>335,359</u>	<u>226,212</u>

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 282,640	\$ 1,369	\$ 284,009	\$ 284,009	
Purchased Professional-Technical Services	6,000		6,000	6,000	
Other Purchased Services	3,000	(389)	2,611	2,061	\$ 550
Supplies and Materials	4,615	1,154	5,769	5,540	229
Other Objects	100	-	100	100	-
Total Health Services	296,355	2,134	298,489	297,710	779
Speech, OT, PT and Related Services					
Salaries	457,088	(8,450)	448,638	448,638	
Purchased Professional-Educational Services	82,000	(35,662)	46,338	46,338	
Supplies and Materials	10,850	(8,467)	2,383	2,230	153
Total Speech, OT, PT and Related Services	549,938	(52,579)	497,359	497,206	153
Other Support Services-Students-Extra Serv.					
Salaries	34,183	23,811	57,994	57,994	-
Total Other Support Services - Students - Extra Serv.	34,183	23,811	57,994	57,994	-
Guidance					
Salaries of Other Professional Staff	182,112	2,951	185,063	185,063	
Salaries of Secretarial and Clerical Assistants	36,590		36,590	35,980	610
Other Purchased Professional and Tech. Services	40,356	(1,451)	38,905	38,905	
Other Purchased Services	350		350	350	
Supplies and Materials	4,125	(232)	3,893	3,893	
Other Objects	250	150	400	400	-
Total Guidance	263,783	1,418	265,201	264,591	610
Child Study Team					
Salaries of Other Professional Staff	424,005	(44,206)	379,799	379,130	669
Salaries of Secretarial and Clerical Assistants	72,100	(71)	72,029	72,029	
Other Purchased Professional and Tech. Services	23,900	(10,096)	13,804	13,804	
Other Purchased Services	12,000	(354)	11,646	11,327	319
Supplies and Materials	14,000	17,766	31,766	31,766	
Other Objects	1,325	(384)	941	941	-
Total Child Study Team	547,330	(37,345)	509,985	508,997	988
Improvement of Instructional Services					
Salaries of Other Professional Staff	136,300	(15,926)	120,374	120,374	
Salaries of Secretarial & Clerical Assist	26,000	(13,237)	12,763	12,763	
Other Salaries	28,000	(4,000)	24,000	24,000	
Supplies and Materials		526	526	526	
Other Objects	-	820	820	820	-
Total Improvement of Instructional Services	190,300	(31,817)	158,483	158,483	-
Educational Media Services/School Library					
Salaries	110,680	(110,680)			
Salaries of Other Professional Staff		73,090	73,090	72,985	105
Salaries of Secretarial & Clerical Assist		36,590	36,590	35,980	610
Other Purchased Services	150		150	150	150
Supplies and Materials	23,875	(4,557)	19,318	17,882	1,436
Total Educational Media Serv./School Library	134,705	(5,557)	129,148	126,847	2,301
Instructional Staff Training Services					
Salaries of Other Professional Staff	46,300	(1,425)	44,875	44,875	
Other Salaries	41,000	2,720	43,720	43,720	
Purchased Professional/Educational Services	130,232	(13,227)	117,005	107,580	9,425
Other Purchased Services	6,000	(875)	5,125	4,639	486
Supplies and Materials		8,609	8,609	8,609	
Other Objects	350	-	350	269	81
Total Staff Training Services	223,882	(4,198)	219,684	209,692	9,992

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

3

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 234,801	\$ 768	\$ 235,569	\$ 235,569	
Legal Services	35,000	35,994	70,994	70,994	
Audit Fees	25,500	28,000	53,500	26,500	\$ 27,000
Other Purchased Professional Services	6,850	6,691	13,541	13,541	
Communications/Telephone	43,100	4,076	47,176	47,176	
Miscellaneous Purchased Services	36,000	1,394	37,394	37,394	
General Supplies	10,600	2,868	13,468	13,468	
Miscellaneous Expenditures	19,000	(7,705)	11,295	11,295	-
Total Support Services General Administration	410,851	72,086	482,937	455,937	27,000
Support Services School Administration					
Salaries of Principal/Asst. Principals	391,040	10,687	401,727	401,727	
Salaries of Other Professional Staff	20,000	6,104	26,104	26,104	
Salaries of Secretarial and Clerical Assistants	200,411	1,180	201,591	201,591	
Purchased Professional and Technical Services	1,350		1,350		1,350
Other Purchased Services	24,450	12,759	37,209	37,209	
Supplies and Materials	15,645	(3,137)	12,508	12,482	26
Other Objects	7,150	(2,328)	4,822	4,822	-
Total Support Services School Administration	660,046	25,265	685,311	683,935	1,376
Support Services Central Services					
Salaries	261,341	4,677	266,018	266,018	
Purchased Technical Services	22,500	6,025	28,525	28,223	302
Miscellaneous Purchased Services	6,500	(3,885)	2,615	2,615	
Supplies and Materials	5,000	1,416	6,416	6,416	
Miscellaneous Expenditures	1,550	215	1,765	1,765	-
Total Support Central School Administration	296,891	8,448	305,339	305,037	302
Admin. Info. Technology					
Salaries	75,000	3,150	78,150	78,150	
General Supplies	-	223	223	223	-
Total Admin. Info. Technology	75,000	3,373	78,373	78,373	-
Required Maintenance for School Facilities					
Salaries	238,920	(30,478)	208,442	208,442	
Cleaning, Repair and Maintenance Services	147,522	8,900	156,422	156,422	
General Supplies	38,000	(19,751)	18,249	18,249	
Other Objects	500	-	500	500	-
Total Required Maintenance for School Fac.	424,942	(41,329)	383,613	383,613	-
Custodial Services					
Salaries	534,876	16,677	551,553	551,553	
Purchased Prof. And Technical Serv.	57,774	8,257	66,031	66,031	
Cleaning, Repair and Maint. Serv.	21,465	(2,837)	18,628	18,628	
Other Purchased Property Services	30,000	(88)	29,912	29,912	
Insurance	79,000	(499)	78,501	78,501	
Miscellaneous Purchased Services	21,500	3,124	24,624	24,624	
General Supplies	44,448	12,989	57,437	57,437	
Energy (Natural Gas)	90,000	(21,143)	68,857	68,857	
Energy (Electricity)	240,000	(8,973)	231,027	231,027	
Other Objects	3,225	(2,498)	727	727	-
Total Custodial Services	1,122,288	5,009	1,127,297	1,127,297	-
Care and Upkeep of Grounds					
Salaries	66,010		66,010	66,010	
Purchased Professional and Technical Services	2,500	1,566	4,066	4,066	
Cleaning, Repair and Maintenance Svc.	49,811	13,578	63,389	62,742	647
General Supplies	18,700	(5,841)	12,859	12,602	257
Other Objects	-	75	75	75	-
Total Care and Upkeep of Grounds	137,021	9,378	146,399	145,495	904

Continued

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 111,100	\$ 4,132	\$ 115,232	\$ 115,232	
Salaries for Pupil Transportation (Between Home and School) - Regular	91,119	(299)	90,820	90,820	
Salaries for Pupil Transportation (Between Home and School) - Sp Ed	221,500	(259)	221,241	221,241	
Salaries for Pupil Transportation (Between Home and School) - Non-Public	57,000	(2,035)	54,965	54,965	
Management Fee - ESC & CTSA Transp. Prog.	2,000	(1,243)	757	757	
Other Purchased Prof. and Technical Serv.	700	114	814	814	
Cleaning, Repair and Maintenance Services	30,000	(1,806)	28,194	28,194	
Contracted Services - Aid in Lieu of Payments Non-Public	46,000	3,887	49,887	49,887	
Contracted Services (Between Home and School) - Joint Agreements	154,000	575	154,575	154,575	
Contracted Services (Reg. Students) - ESCs & CTSA	4,000	(3,187)	813	813	
Misc. Purchased Serv. - Transportation	26,000	1,447	27,447	27,447	
General Supplies	24,000	(5,867)	18,133	17,743	\$ 390
Other Objects	1,750	-	1,750	1,443	307
Total Student Transportation Services	769,169	(4,541)	764,628	763,931	697
Unallocated Benefits - Employee Benefits					
Social Security Contributions	255,000	12,012	267,012	267,012	
Other Retirement Contributions - PERS	198,000	12,878	210,878	210,878	
Other Retirement Contributions - Regular (DCRP)	17,500	(2,518)	14,982	13,746	1,236
Workers Compensation	94,000	8,687	102,687	102,687	
Health Benefits	3,285,000	(175,194)	3,109,806	2,939,313	170,493
Tuition Reimbursement	30,000	463	30,463	28,084	2,379
Other Employee Benefits	33,500	(3,300)	30,200	28,183	2,017
Total Unallocated Benefits - Employee Benefits	3,913,000	(146,972)	3,766,028	3,589,903	176,125
On-behalf TPAF Pension Payments -					
Pension Contribution (Non-Budget)				711,632	(711,632)
NCGI Premium (Non-Budget)				25,784	(25,784)
On-behalf TPAF OPEB Payments -					
Post Retirement Medical Benefits (Non-Budget)				614,435	(614,435)
On-behalf TPAF LTDI Payments -					
Long-Term Disability Insurance (Non-Budget)				752	(752)
On-behalf TPAF Social Security Payments (Non-Budget)					
	-	-	-	524,624	(524,624)
Total On-Behalf Payments	-	-	-	1,877,227	(1,877,227)
Total Undistributed Expenditures	10,509,553	(71,714)	10,437,839	11,867,627	(1,429,788)
Total Expenditures - Current Expenditures	17,610,704	156,040	17,766,744	19,184,746	(1,418,002)

**FLORHAM PARK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CAPITAL OUTLAY					
Equipment					
Undistributed:					
Instruction	\$ 11,700	\$ 87,417	\$ 99,117	\$ 29,883	\$ 69,234
Central Services		2,138	2,138	2,138	
Required Maint. For School Facilities		10,060	10,060	10,060	
Care and Upkeep of Grounds	-	46,884	46,884	10,295	36,589
Total Equipment	11,700	146,499	158,199	52,376	105,823
Facilities Acquisition and Construction Services					
Salaries	5,000		5,000	5,000	
Architectural/Engineering Services	10,700	-	10,700	4,100	6,600
Construction Services	84,300	-	84,300	51,801	32,499
Assessment for Debt Service on SDA Funding	26,168	-	26,168	26,168	-
Total Facilities Acquis. and Const. Services	126,168	-	126,168	87,069	39,099
Assets Acquired Under Capital Leases (Non-Budget)					
Equipment - Grades 6-8	-	-	-	14,249	(14,249)
Total Capital Outlay	137,868	146,499	284,367	153,694	130,673
Transfer of Funds to Charter Schools	32,239	-	32,239	32,239	-
Total Expenditures	17,780,811	302,539	18,083,350	19,370,679	(1,287,329)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(180,000)	(302,539)	(482,539)	369,157	851,696
Other Financing Sources (Uses)					
Capital Lease Proceeds				14,249	14,249
Transfer In - Capital Projects Fund				87,847	87,847
Transfer Out - Food Service Enterprise Fund	-	(3,334)	(3,334)	(3,334)	-
Total Other Financing Sources (Uses)	-	(3,334)	(3,334)	98,762	102,096
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(180,000)	(305,873)	(485,873)	467,919	953,792
Fund Balance, Beginning of Year	1,951,692	-	1,951,692	1,951,692	-
Fund Balance, End of Year	\$ 1,771,692	\$ (305,873)	\$ 1,465,819	\$ 2,419,611	\$ 953,792
Recapitulation of Fund Balance					
Restricted Fund Balance:					
Capital Reserve				\$ 516,701	
Capital Reserve - Designated for Subsequent Year's Expenditures				630,000	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				60,000	
Emergency Reserve				250,000	
Excess Surplus				43,736	
Excess Surplus - Designated for Subsequent Year's Expenditures				49,710	
Assigned Fund Balance					
Year End Encumbrances				366,894	
Designated for Subsequent Year's Expenditures				80,000	
Unassigned Fund Balance				422,570	
				2,419,611	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Payments Not Recognized on GAAP Basis				(109,447)	
Fund Balance Per Governmental Funds (GAAP)				\$ 2,310,164	

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 233,900	\$ 33,349	\$ 267,249	\$ 257,919	\$ (9,330)
State	45,366	28,201	73,567	39,166	(34,401)
Local	10,000	14,028	24,028	18,558	(5,470)
Total Revenues	<u>289,266</u>	<u>75,578</u>	<u>364,844</u>	<u>315,643</u>	<u>(49,201)</u>
EXPENDITURES					
Instruction					
Tuition	190,000	11,303	201,303	201,303	-
Purchased Professional/Educational Services	10,000	23,253	33,253	32,087	1,166
General Supplies	12,834	(5,160)	7,674	7,674	-
Textbooks	6,224	15,986	22,210	16,740	5,470
Total Instruction	<u>219,058</u>	<u>45,382</u>	<u>264,440</u>	<u>257,804</u>	<u>6,636</u>
Support Services					
Purchased Professional/Technical Services	32,187	27,064	59,251	24,850	34,401
Purchased Professional/Educational Services	33,900	(1,207)	32,693	24,529	8,164
Cleaning, Repair and Maintenance Services	4,121	1,329	5,450	5,450	-
General Supplies	-	3,010	3,010	3,010	-
Total Support Services	<u>70,208</u>	<u>30,196</u>	<u>100,404</u>	<u>57,839</u>	<u>42,565</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>289,266</u>	<u>75,578</u>	<u>364,844</u>	<u>315,643</u>	<u>49,201</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, 2017**

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 19,739,836	(C-2) \$ 315,643
Difference - Budget to GAAP:		
State Aid payment recognized for GAAP purpose not recognized for Budgetary statements (2015/2016 State aid)	110,806	
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2016/2017 State aid)	<u>(109,447)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>19,741,195</u>	(B-2) \$ <u>315,643</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	(C-1) \$ <u>19,370,679</u>	(C-2) \$ <u>315,643</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>19,370,679</u>	(B-2) \$ <u>315,643</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 Four Fiscal Years*
(Dollar amounts in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.02174%	0.02295%	0.02478%	0.02587
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,438,829	\$ 5,152,221	\$ 4,639,341	\$ 4,943,683
District's Covered-Employee Payroll	\$ 1,602,017	\$ 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	401.92%	345.93%	288.75%	285.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	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 Four Fiscal Years
(Dollar amounts in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 193,137	\$ 197,324	\$ 204,276	\$ 197,018
Contributions in Relation to the Contractually Required Contribution	<u>193,137</u>	<u>197,324</u>	<u>204,276</u>	<u>197,018</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,602,017	\$ 1,489,362	\$ 1,606,722	\$ 1,728,708
Contributions as a Percentage of Covered-Employee Payroll	12.06%	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 Four Fiscal Years*
(Dollar amounts in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 52,441,105</u>	<u>\$ 45,143,920</u>	<u>\$ 39,091,399</u>	<u>\$ 36,781,872</u>
Total	<u>\$ 52,441,105</u>	<u>\$ 45,143,920</u>	<u>\$ 39,091,399</u>	<u>\$ 36,781,872</u>
District's Covered-Employee Payroll	\$ 7,205,552	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	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, 2017**

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, 2017**

	<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>Total</u>
REVENUES									
Intergovernmental									
Federal	\$ 204,532	\$ 8,087	\$ 24,000	\$ 21,300					\$ 257,919
State							\$ 5,450	\$ 33,716	39,166
Local	-	-	-	-	-	\$ 18,558	-	-	18,558
Total Revenues	<u>\$ 204,532</u>	<u>\$ 8,087</u>	<u>\$ 24,000</u>	<u>\$ 21,300</u>	<u>\$ -</u>	<u>\$ 18,558</u>	<u>\$ 5,450</u>	<u>\$ 33,716</u>	<u>\$ 315,643</u>
EXPENDITURES									
Instruction									
Tuition	\$ 201,303								\$ 201,303
Purchased Professional/Educational Services		\$ 8,087	\$ 24,000						32,087
General Supplies						\$ 4,918		\$ 2,756	7,674
Textbooks	-	-	-	-	-	10,630	-	6,110	16,740
Total Instruction	<u>201,303</u>	<u>8,087</u>	<u>24,000</u>	<u>-</u>	<u>-</u>	<u>15,548</u>	<u>-</u>	<u>8,866</u>	<u>257,804</u>
Support Services									
Purchased Professional/Technical Services								24,850	24,850
Purchased Professional/Educational Services	3,229			\$ 21,300					24,529
Cleaning, Repair and Maintenance Services							\$ 5,450		5,450
General Supplies	-	-	-	-	-	3,010	-	-	3,010
Total Support Services	<u>3,229</u>	<u>-</u>	<u>-</u>	<u>21,300</u>	<u>-</u>	<u>3,010</u>	<u>5,450</u>	<u>24,850</u>	<u>57,839</u>
Facilities Acquisition and Construction Services									
Equipment	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Const. Svc	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 204,532</u>	<u>\$ 8,087</u>	<u>\$ 24,000</u>	<u>\$ 21,300</u>	<u>\$ -</u>	<u>\$ 18,558</u>	<u>\$ 5,450</u>	<u>\$ 33,716</u>	<u>\$ 315,643</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, 2017**

	Nonpublic <u>Nursing</u>	Nonpublic <u>Textbooks</u>	Nonpublic <u>Technology</u>	Nonpublic Ch. 192		Nonpublic Ch. 193			Total <u>E-1A</u>
				<u>Compensatory Education</u>	<u>ESL</u>	<u>Corrective Speech</u>	<u>Exam & Classification</u>	<u>Supplemental Instruction</u>	
REVENUES									
Intergovernmental									
Federal									
State	\$ 9,810	\$ 6,110	\$ 2,756	\$ 4,031	\$ 827	\$ 4,268	\$ 4,502	\$ 1,412	\$ 33,716
Local	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 9,810	\$ 6,110	\$ 2,756	\$ 4,031	\$ 827	\$ 4,268	\$ 4,502	\$ 1,412	\$ 33,716
EXPENDITURES									
Instruction									
Tuition									
General Supplies			\$ 2,756						\$ 2,756
Textbooks	-	\$ 6,110	-	-	-	-	-	-	6,110
Total Instruction	-	6,110	2,756	-	-	-	-	-	8,866
Support Services									
Purchased Professional/Technical Services	\$ 9,810			\$ 4,031	\$ 827	\$ 4,268	\$ 4,502	\$ 1,412	24,850
Purchased Professional/Educational Services	-	-	-	-	-	-	-	-	-
Total Support Services	9,810	-	-	4,031	827	4,268	4,502	1,412	24,850
Facilities Acquisition and Construction Services									
Equipment	-	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Const. Svc	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 9,810	\$ 6,110	\$ 2,756	\$ 4,031	\$ 827	\$ 4,268	\$ 4,502	\$ 1,412	\$ 33,716

**FLORHAM PARK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION PROGRAM AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Cancellations</u>	<u>Unexpended Balance, June 30, 2017</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>682,492</u>	<u>-</u>	<u>38,158</u>	<u>-</u>
Total	<u>\$ 1,514,100</u>	<u>\$ 1,363,386</u>	<u>\$ -</u>	<u>\$ 150,714</u>	<u>\$ -</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, 2017**

Revenues and Other Financing Sources

State Sources - SDA Grant	
Local Sources - Transfer from Capital Reserve	-
	<hr/>
Total Revenues	-
	<hr/>

Expenditures and Other Financing Uses

Expenditures:	
Architect/Engineer Services	
Construction Services	
Other Financing Uses:	
Transfers to General Fund - Capital Reserve	\$ 87,847
Prior Year SDA Grants Cancelled - Budgetary Basis	62,867
	<hr/>
Total Expenditures and Other Financing Uses	150,714
	<hr/>

Excess (Deficiency) of Revenues Over (Under) Expenditures	(150,714)
Fund Balance - Beginning of Year	150,714
	<hr/>
Fund Balance - End of Year - Budgetary Basis	\$ -
	<hr/>

Reconciliation to GAAP Basis

Fund Balance, June 30, 2017 - Budgetary Basis	\$ -
Less Unearned Revenue (Unearned SDA Grant)	-
	<hr/>
Fund Balance, June 30, 2017 - GAAP Basis	\$ -
	<hr/>

**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, 2017**

	<u>Prior Year</u>	<u>Current Year (Cancelled)</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 317,380	\$ (46,542)	\$ 270,838	\$ 317,380
Local Sources - Transfer from Capital Reserve	476,070	-	476,070	476,070
	<u>793,450</u>	<u>(46,542)</u>	<u>746,908</u>	<u>793,450</u>
Expenditures and Other Financing Uses				
Architect/Engineer Services	55,900		55,900	57,000
Construction Services	624,994		624,994	736,450
Transfer to General Fund	-	66,014	66,014	-
	<u>680,894</u>	<u>66,014</u>	<u>746,908</u>	<u>793,450</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 112,556</u>	<u>\$ (112,556)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
DOE Project Number	#1530-030-14-1001			
SDA Project Number	#1530-030-14-G2FL			
Grant Number	G5-5563			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Original Authorized Cost	\$ 793,450			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 793,450			
Percentage Increase Over Original Authorized Cost	N/A			
Percentage Completion	100.00%			
Original Target Completion Date	September 2014			
Revised Target Completion Date	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, 2017**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 288,260	\$ (16,325)	\$ 271,935	\$ 288,260
Local Sources - Transfer from Capital Reserve	432,390	-	432,390	432,390
	<u>720,650</u>	<u>(16,325)</u>	<u>704,325</u>	<u>720,650</u>
Expenditures and Other Financing Uses				
Architect/Engineer Services	47,845		47,845	47,845
Construction Services	634,647		634,647	672,805
Transfer to General Fund	-	21,833	21,833	-
	<u>682,492</u>	<u>21,833</u>	<u>704,325</u>	<u>720,650</u>
Excess (Deficiency) or Revenues Over (Under) Expenditures	<u>\$ 38,158</u>	<u>\$ (38,158)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
DOE Project Number	#1530-030-14-1002			
SDA Project Number	#1530-030-14-G2FM			
Grant Number	G5-5564			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Original Authorized Cost	\$ 720,650			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 720,650			
Percentage Increase Over Original Authorized Cost	N/A			
Percentage Completion	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
AS OF JUNE 30, 2017**

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, 2017**

Financial Statements are Presented on Exhibit B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 62,002	\$ 22,856	\$ 84,858
Total Assets	<u>\$ 62,002</u>	<u>\$ 22,856</u>	<u>\$ 84,858</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 5,888	\$ 5,888
Accrued Salaries and Wages		1,963	1,963
Flex Spending Deposits		268	268
Due to Other Funds		14,737	14,737
Due to Student Groups	<u>\$ 62,002</u>	<u>-</u>	<u>62,002</u>
Total Liabilities	<u>\$ 62,002</u>	<u>\$ 22,856</u>	<u>\$ 84,858</u>

**FLORHAM PARK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance, July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2017</u>
ELEMENTARY SCHOOLS				
Briarwood	\$ 6,577	\$ 4,578	\$ 4,610	\$ 6,545
Brooklake	7,514	19,465	21,218	5,761
MIDDLE SCHOOLS				
Ridgedale Athletics		4,508	4,305	203
Ridgedale	<u>44,610</u>	<u>104,206</u>	<u>99,323</u>	<u>49,493</u>
Total All Schools	<u>\$ 58,701</u>	<u>\$ 132,757</u>	<u>\$ 129,456</u>	<u>\$ 62,002</u>

**FLORHAM PARK BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance, July 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2017</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 90,581	\$ 5,408,667	\$ 5,493,360	\$ 5,888
Accrued Salaries and Wages		6,414,223	6,412,260	1,963
Flex Spending Deposits	5,443	31,374	36,549	268
Due to Other Funds	<u>14,410</u>	<u>18,867</u>	<u>18,540</u>	<u>14,737</u>
 Total	 <u>\$ 110,434</u>	 <u>\$ 11,873,131</u>	 <u>\$ 11,960,709</u>	 <u>\$ 22,856</u>

LONG-TERM DEBT

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<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, 2016</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>					
School District Refunding Bonds - 2009	9/10/2009	\$ 9,185,000	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				
						\$ 6,220,000	-	\$ 790,000	\$ 5,430,000
						\$ 6,220,000	\$ -	\$ 790,000	\$ 5,430,000
								\$ 790,000	

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2016</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2017</u>
Copier - 2017	\$ 14,249	5.93%	\$ -	\$ 14,249	\$ 1,666	\$ 12,583

**FLORHAM PARK BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 1,043,206	-	\$ 1,043,206	\$ 1,043,206	-
Total Revenues	<u>1,043,206</u>	<u>-</u>	<u>1,043,206</u>	<u>1,043,206</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	790,000		790,000	790,000	
Interest	<u>253,206</u>	<u>-</u>	<u>253,206</u>	<u>253,206</u>	<u>-</u>
Total Expenditures	<u>1,043,206</u>	<u>-</u>	<u>1,043,206</u>	<u>1,043,206</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)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011 (1)	2012	2013	2014 (2)	2015	2016	2017
Governmental activities										
Net Investment in capital assets	\$ 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	\$ 9,142,964
Restricted	32,035	200,677	225,326	384,597	664,955	869,753	1,119,301	1,087,822	1,020,183	1,206,701
Unrestricted	37,626	1,979	(24,502)	(5,237)	201,002	235,888	(4,736,455)	(4,459,727)	(4,393,670)	(4,688,882)
Total governmental activities net position	<u>\$ 6,757,994</u>	<u>\$ 6,904,116</u>	<u>\$ 7,064,869</u>	<u>\$ 7,193,953</u>	<u>\$ 7,691,856</u>	<u>\$ 8,155,588</u>	<u>\$ 3,702,757</u>	<u>\$ 4,861,634</u>	<u>\$ 5,605,504</u>	<u>\$ 5,660,783</u>
Business-type activities										
Net Investment in capital assets	\$ 1,409	\$ 496	\$ 4,334	\$ 4,730	\$ 9,412	\$ 17,176	\$ 15,366	\$ 13,556	\$ 11,746	\$ 9,936
Restricted										
Unrestricted	2,099	3,999	780							
Total business-type activities net position	<u>\$ 3,508</u>	<u>\$ 4,495</u>	<u>\$ 5,114</u>	<u>\$ 4,730</u>	<u>\$ 9,412</u>	<u>\$ 17,176</u>	<u>\$ 15,366</u>	<u>\$ 13,556</u>	<u>\$ 11,746</u>	<u>\$ 9,936</u>
District-wide										
Net Investment in capital assets	\$ 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	\$ 9,152,900
Restricted	32,035	200,677	225,326	384,597	664,955	869,753	1,119,301	1,087,822	1,020,183	1,206,701
Unrestricted	39,725	5,978	(23,722)	(5,237)	201,002	235,888	(4,736,455)	(4,459,727)	(4,393,670)	(4,688,882)
Total district net position	<u>\$ 6,761,502</u>	<u>\$ 6,908,611</u>	<u>\$ 7,069,983</u>	<u>\$ 7,198,683</u>	<u>\$ 7,701,268</u>	<u>\$ 8,172,764</u>	<u>\$ 3,718,123</u>	<u>\$ 4,875,190</u>	<u>\$ 5,617,250</u>	<u>\$ 5,670,719</u>

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)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 8,898,679
Special Education	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	4,448,709
Other Instruction	80,730	67,043	108,418	141,708	213,722	197,548	243,694	119,197	216,185	392,057
School Sponsored Activities and Athletics	150,045	148,318	148,955	148,770	156,927	153,681	174,848	172,524	208,900	192,970
Support Services:										
Student & Instruction Related Services	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	3,670,298
General Administrative Services	537,995	518,851	574,800	597,239	593,874	605,846	477,445	587,964	653,608	675,383
School Administrative Services	961,645	968,615	1,081,152	1,061,376	1,084,544	1,049,373	987,638	1,020,387	1,072,812	1,231,262
Central Services/Business Services	347,440	345,639	338,009	365,831	395,547	388,815	407,775	536,395	576,944	631,307
Plant Operations and Maintenance	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	2,827,407
Pupil Transportation	922,126	803,849	804,200	816,834	900,848	964,524	1,035,975	1,006,013	970,710	1,041,017
Interest on Long-Term Debt	524,666	513,234	372,251	383,267	355,199	338,146	322,926	301,548	272,166	235,145
Total Governmental Activities Expenses	17,300,235	17,182,851	18,096,868	17,396,783	17,909,091	18,522,982	18,838,526	20,884,548	22,153,939	24,244,234
Business-Type Activities:										
Food Service	13,116	16,412	14,561	13,708	13,592	14,628	14,325	16,048	14,847	11,457
Total Business-Type Activities Expense	13,116	16,412	14,561	13,708	13,592	14,628	14,325	16,048	14,847	11,457
Total District Expenses	\$ 17,313,351	\$ 17,199,263	\$ 18,111,429	\$ 17,410,491	\$ 17,922,683	\$ 18,537,610	\$ 18,852,851	\$ 20,900,596	\$ 22,168,786	\$ 24,255,691
Program Revenues										
Governmental Activities:										
Charges for Services:										
Pupil Transportation	\$ 118,587	\$ 111,531	\$ 130,101	\$ 119,141	\$ 100,618	\$ 100,523	\$ 95,578	\$ 123,417	\$ 173,840	\$ 199,199
Tuition			64,462	75,225	360,237	283,367	204,974	136,134	42,000	66,500
Operating Grants and Contributions	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	5,949,438
Capital Grants and Contributions	6,500	480	53,026	14,100	-	25,789	41,812	287,653	218,425	-
Total Governmental Activities Program Revenues	2,829,898	2,301,999	2,777,625	1,932,877	2,575,388	2,851,101	2,594,345	4,749,294	5,238,849	6,215,137
Business-type activities:										
Charges for Services										
Food Service	7,681	9,143	8,226	8,413	12,150	12,415	12,193	11,123	9,436	6,313
Operating Grants and Contributions	6,252	8,256	6,954	2,725						
Capital Grants and Contributions						9,167				
Total Business Type Activities Program Revenues	13,933	17,399	15,180	11,138	12,150	21,582	12,193	11,123	9,436	6,313
Total District Program Revenues	\$ 2,843,831	\$ 2,319,398	\$ 2,792,805	\$ 1,944,015	\$ 2,587,538	\$ 2,872,683	\$ 2,606,538	\$ 4,760,417	\$ 5,248,285	\$ 6,221,450

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (18,029,097)
Business-Type Activities	817	987	619	(2,570)	(1,442)	6,954	(2,132)	(4,925)	(5,411)	(5,144)
Total District-Wide Net Expense	\$ (14,469,520)	\$ (14,879,865)	\$ (15,318,624)	\$ (15,466,476)	\$ (15,335,145)	\$ (15,664,927)	\$ (16,246,313)	\$ (16,140,179)	\$ (16,920,501)	\$ (18,034,241)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 16,900,649
Property Taxes Levied for Debt Service	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	1,043,206
Unrestricted Aid, Grants and Contributions	177,788	4,010						8,864	9,752	18,347
Investment Earnings	19,425	11,786	4,256	7,592	6,182	5,653	6,442	7,396	6,930	10,751
Miscellaneous Income	112,121	133,765	143,830	111,931	27,771	37,242	58,109	145,502	184,447	114,757
Transfers	(14,062)			(2,186)	(6,124)	(810)	(322)	(3,115)	(3,601)	(3,334)
Total Governmental Activities	14,783,493	15,026,974	15,479,996	15,690,820	15,831,506	16,135,713	16,735,033	17,294,131	17,658,960	18,084,376
Business-Type Activities:										
Investment Earnings										
Transfers	14,062			2,186	6,124	810	322	3,115	3,601	3,334
Total Business-Type Activities	14,062	-	-	2,186	6,124	810	322	3,115	3,601	3,334
Total District-Wide	\$ 14,797,555	\$ 15,026,974	\$ 15,479,996	\$ 15,693,006	\$ 15,837,630	\$ 16,136,523	\$ 16,735,355	\$ 17,297,246	\$ 17,662,561	\$ 18,087,710
Change in Net Position										
Governmental Activities	\$ 313,156	\$ 146,122	\$ 160,753	\$ 226,914	\$ 497,803	\$ 463,832	\$ 490,852	\$ 1,158,877	\$ 743,870	\$ 55,279
Business-Type Activities	14,879	987	619	(384)	4,682	7,764	(1,810)	(1,810)	(1,810)	(1,810)
Total District	\$ 328,035	\$ 147,109	\$ 161,372	\$ 226,530	\$ 502,485	\$ 471,596	\$ 489,042	\$ 1,157,067	\$ 742,060	\$ 53,469

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 218,376	\$ 493,163	\$ 499,997							
Unreserved	404,841	165,798	153,110							
Restricted				\$ 634,597	\$ 914,955	\$ 1,119,753	\$ 952,145	\$ 919,755	\$ 1,229,465	\$ 1,550,147
Committed										
Assigned				29,868	175,988	179,088	109,288	302,830	307,567	446,894
Unassigned				165,593	238,004	263,069	281,944	249,176	303,854	313,123
Total General Fund	<u>\$ 623,217</u>	<u>\$ 658,961</u>	<u>\$ 653,107</u>	<u>\$ 830,058</u>	<u>\$ 1,328,947</u>	<u>\$ 1,561,910</u>	<u>\$ 1,343,377</u>	<u>\$ 1,471,761</u>	<u>\$ 1,840,886</u>	<u>\$ 2,310,164</u>
All Other Governmental Funds										
Reserved		\$ 103,817								
Unreserved	\$ 6,921	(8,516)	\$ 80,789							
Restricted							417,156	418,067	90,428	
Committed										
Assigned										
Total all other governmental funds	<u>\$ 6,921</u>	<u>\$ 95,301</u>	<u>\$ 80,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 417,156</u>	<u>\$ 418,067</u>	<u>\$ 90,428</u>	<u>\$ -</u>

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)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Property Tax Levy	\$ 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	\$ 17,943,855
Tuition			64,462	75,225	360,237	283,367	204,974	136,134	42,000	66,500
Transportation Fees	118,587	111,531	130,101	119,141	100,618	100,523	95,578	123,417	173,840	199,199
Interest Earnings	19,425	11,786	4,256	7,592	6,182	5,653	6,442	7,396	6,930	10,751
Miscellaneous	155,078	204,151	201,954	145,355	127,803	102,034	112,886	189,921	194,085	133,315
State Sources	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	2,488,505
Federal Sources	250,000	252,880	434,267	309,113	280,011	258,729	241,136	251,670	280,855	257,919
Total Revenue	17,627,453	17,328,973	18,257,621	17,625,883	18,413,018	18,987,624	19,329,700	20,329,208	20,678,694	21,100,044
Expenditures										
Instruction										
Regular Instruction	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	7,098,579
Special Education Instruction	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	3,740,194
Other instruction	80,730	67,043	108,418	141,708	197,575	206,299	234,943	119,166	184,063	320,145
School Sponsored Activities/Athletics	150,045	148,318	148,955	148,770	156,927	153,681	174,848	172,524	206,900	182,553
Support Services:										
Student and Inst. Related Services	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	3,069,835
General Administrative Services	521,582	512,323	564,222	588,560	585,195	618,816	477,445	586,105	603,354	601,187
School Administrative Services	925,334	931,646	1,002,152	1,024,353	1,051,982	1,034,914	982,864	946,243	948,944	993,800
Central Services/Business Services	339,488	344,484	353,430	365,104	395,545	388,815	391,628	503,459	531,707	546,118
Plant Operations and Maintenance	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	2,029,487
Pupil Transportation	865,900	762,550	762,901	795,125	894,645	954,187	1,013,299	988,045	945,742	977,279
Capital Outlay	189,189	140,813	301,461	96,554	49,838	228,600	263,433	871,496	654,751	127,526
Debt Service										
Principal	590,475	637,196	668,184	677,939	670,000	695,000	710,000	730,000	760,000	791,666
Interest and Other Charges	549,821	519,434	404,994	398,075	369,666	347,719	331,731	313,056	287,156	253,740
Cost of Issuance			101,880							
Payment to Escrow Account			662,153							
Total Expenditures	17,293,451	17,204,849	19,042,020	17,527,535	17,908,005	18,753,851	19,130,755	20,196,798	20,633,607	20,732,109
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	334,002	124,124	(784,399)	98,348	505,013	233,773	198,945	132,410	45,087	367,935
Other Financing sources (uses)										
Capital Lease Proceeds	60,641									14,249
Refunding Bond Proceeds			9,185,000							
Premium on Notes/Bonds			679,033							
Bonds Refunded			(9,100,000)							
Transfers In	2,794	107,526	19,363	118			476,070	432,390	-	87,847
Transfers Out	(16,856)	(107,526)	(19,363)	(2,304)	(6,124)	(810)	(476,392)	(435,505)	(3,601)	(91,181)
Total Other Financing Sources (Uses)	46,579	-	764,033	(2,186)	(6,124)	(810)	(322)	(3,115)	(3,601)	10,915
Net Change in Fund Balances	\$ 380,581	\$ 124,124	\$ (20,366)	\$ 96,162	\$ 498,889	\$ 232,963	\$ 198,623	\$ 129,295	\$ 41,486	\$ 378,850
Debt Service as a Percentage of										
Noncapital Expenditures	6.67%	6.78%	9.80%	6.17%	5.82%	5.63%	5.52%	5.40%	5.24%	5.07%

* 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
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
2017	10,751	66,500	199,199	4,849	27,625		5,499	37,909	26,368		12,507	391,207

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

Calendar Year	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct Local School Tax Rate ^a
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	2,012,843,600	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	168,609,300	3,233,944,100	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	3,284,957,200	4,079,867	3,289,017,067	3,126,935,377	0.54
2017	96,791,400	2,055,336,200	748,300	119,800	894,116,700	88,344,300	193,577,400	3,309,034,100	4,107,211	3,313,141,311	3,168,759,250	0.55

Source: County Abstract of Ratables

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^a Tax rates are per \$100

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		
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	
2017	0.55	0.26	0.41	0.25	1.47	

Source: County Abstract of Ratables

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

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
KBSII 100-200 Campus Drive LLC	\$ 95,795,100	2.89%		
KBSII 300-600 Campus Drive LLC	93,517,700	2.82%		
Sun Valley Plaza LLC	72,571,800	2.19%	\$ 47,244,200	1.43%
BASF	68,000,000	2.05%		
Avalonbay Communities	63,369,900	1.91%	65,369,900	1.97%
Advance At Park Place LLC	52,731,400	1.59%	63,351,900	1.91%
LIPT 140 Park Ave. LLC	35,014,200	1.06%		
Lifetime Fitness	33,900,000	1.02%		
HPT IHG Two Properties Trust	33,000,000	1.00%		
Automatic Switch Company	32,867,600	0.99%		
Campus Drive LLC			110,284,100	3.33%
Park Avenue Realty			108,017,200	3.26%
Wells Reit II			101,036,900	3.05%
Rock - GW Miramar			77,720,400	2.34%
LH Florham Holding			65,132,800	1.97%
Riverbend Developers, LLC			35,655,200	1.08%
71 Hanover FPK -Assoc.			30,013,500	0.91%
	<u>\$ 580,767,700</u>	<u>17.53%</u>	<u>\$ 703,826,100</u>	<u>21.25%</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	
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%	-
2017	17,943,855	17,943,855	100%	-

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Grant Anticipation Notes			
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	11,766	529
2017	5,430,000	12,583		5,442,583	11,766 (E)	463

(E) - Estimate

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
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	529
2017	5,430,000		5,430,000	0.16	461

**FLORHAM PARK BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Florham Park Board of Education (as of June 30, 2017)	\$ 5,430,000
Regional High School - Florham Park's Share	7,307,802
Borough of Florham Park	<u>24,156,567</u>
Total Direct Municipal Debt	<u>36,894,369</u>
Overlapping Debt Apportioned to the Municipality:	
Morris County: (2)	
County of Morris (A)	<u>7,738,918</u>
Total Overlapping Debt Apportioned to the Municipality	<u>7,738,918</u>
Total Direct and Overlapping Debt	<u>\$ 44,633,287</u>

Source:

- (1) Borough of Florham Park's 2016 Annual Debt Statement
- (2) Morris County's 2016 Annual Debt Statement
- (A) The debt for this entity was apportioned by dividing the municipality's 2016 equalized value by the total 2016 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 2017

	Equalized valuation basis
	2014 \$2,984,071,903
	2015 3,077,786,660
	2016 3,164,679,383
	<u>\$9,226,537,946</u>
Average equalized valuation of taxable property	<u>\$3,075,512,649</u>
Debt limit (3 % of average equalization value)	\$ 92,265,379
Total Net Debt Applicable to Limit	<u>5,430,000</u>
Legal debt margin	<u>\$ 86,835,379</u>

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	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 92,265,379
Total net debt applicable to limit	<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>	<u>5,430,000</u>
Legal debt margin	<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>	<u>\$ 86,835,379</u>
Total net debt applicable to the limit as a percentage of debt limit	12.29%	11.24%	10.52%	9.79%	9.13%	8.69%	8.40%	7.89%	6.98%	5.89%

Source: Annual Debt Statements

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

Borough of Florham Park

<u>Fiscal Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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	86,582	4.0%
2016	11,766	N/A	3.7%
2017	11,766 (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>2017</u>		<u>2008</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>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>	<u>2017</u>
Instruction	104.5	105.5	106.0	106.0	108.0	108.0	110.0	109.0	113.0	113.0
Support Services										
Student and Instruction Related Services	23.6	24.6	24.6	24.6	24.6	24.6	23.6	23.6	21.3	21.3
General Administration	2.2	2.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
School Administrative Services	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0
Central Services	2.8	2.8	2.8	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Plant Operations and Maintenance	10.7	10.7	11.3	11.3	11.3	11.3	11.3	11.3	11.8	11.3
Pupil Transportation	12.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.1	13.1
Total	<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>	<u>170.7</u>

Source: District Personnel Records

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

Teacher/Student Ratio

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Elementary</u>	<u>Middle School</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2008	1,051	\$ 15,963,966	\$ 15,189	-3.03%	85	1:12	1:12	1,030	987	3.21%	95.83%
2009	1,047	15,907,406	15,193	0.03%	87	1:12	1:12	1,028	981	-0.19%	95.43%
2010	1,041	16,903,348	16,238	6.87%	87	1:12	1:12	1,037	994	0.88%	95.85%
2011	1,037	16,354,967	15,771	-2.87%	87	1:12	1:12	1,027	983	-0.96%	95.72%
2012	1,028	16,818,501	16,360	3.73%	89	1:12	1:12	1,026	980	-0.10%	95.52%
2013	1,029	17,482,532	16,990	3.85%	90	1:12	1:12	1,022	982	-0.39%	96.09%
2014	1,001	17,825,591	17,808	4.81%	89	1:12	1:12	1,003	964	-1.86%	96.11%
2015	986	18,282,246	18,542	4.12%	89	1:12	1:12	990	951	-1.30%	96.06%
2016	959	18,931,700	19,741	6.47%	90	1:10	1:10	966	927	-2.42%	95.96%
2017	954	19,559,177	20,502	3.86%	90	1:10	1:10	966	924	0.00%	95.65%

Sources: District records

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

	<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>	<u>2017</u>
<u>District Building</u>										
<u>Elementary</u>										
Brooklake										
Square Feet	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700	50,700
Enrollment	350	350	346	325	339	347	324	297	316	327
Briarwood										
Square Feet	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000	47,000
Enrollment	361	350	365	352	360	355	350	352	301	310
<u>Middle School</u>										
Ridgedale										
Square Feet	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,100	76,000	76,000
Enrollment	320	343	331	351	331	327	327	337	342	317

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Number of Schools at June 30, 2017

Elementary =	2
Middle School =	<u>1</u>
	<u><u>3</u></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>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>	<u>2017</u>
Brooklake Elementary School	N/A	\$ 87,876	\$ 80,795	\$ 78,381	\$ 137,547	\$ 86,392	\$ 123,324	\$ 105,435	\$ 126,543	\$ 157,949	\$ 111,247
Briarwood Elementary School	N/A	85,300	113,747	70,827	103,820	76,142	83,628	96,050	117,308	146,422	103,576
Ridgedale Elementary School	N/A	<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>	<u>168,790</u>
Total School Facilities		<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>	<u>\$ 383,613</u>

Source: District Records

**FLORHAM PARK BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2017
(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

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
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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA, PSA

**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, 2017 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 October 2, 2017.

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 October 2, 2017.

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
October 2, 2017



LERCH, VINCI & HIGGINS, LLP

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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 each of the Florham Park Board of Education’s major state programs for the fiscal year ended June 30, 2017. The Florham Park Board of Education’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of 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 programs for the fiscal year ended June 30, 2017.

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 the 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, 2017 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 October 2, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 2, 2017

FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2016	Unearned Revenue Carryover Amount	Accounts Receivable Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	June 30, 2017		Due to Grantor at June 30, 2017	MEMO GAAP Receivable
												(Account Receivable)	Unearned Revenue		
U.S. Department of Education															
Passed-through State Department of Education															
L.D.E.I.A. Part B, Basic Regular	84.027	H027A160100	FT-1530-08	7/1/16-6/30/17	\$ 207,882		\$ 219	\$ (219)	\$ 203,722	\$ 204,532		\$ (4,379)	\$ 3,569	*	\$ (810)
L.D.E.I.A. Part B, Basic Regular	84.027	H027A150100	FT-1530-08	7/1/15-6/30/16	219,191	\$ (48,519)	(219)	219	48,519					*	
L.D.E.I.A. Preschool	84.173	H173A160114	PS-1530-08	7/1/16-6/30/17	8,582		275	(275)	7,042	8,087		(1,815)	770	*	(1,045)
L.D.E.I.A. Preschool	84.173	H173A150114	PS-1530-08	7/1/15-6/30/16	8,520	(990)	(275)	275	990	-		-	-	*	-
Total Special Education Cluster (IDEA)						(49,509)	-	-	260,273	212,619	-	(6,194)	4,339	*	(1,855)
Title I Part A	84.01	S010A160030	NCLB153008	7/1/16-6/30/17	24,396					24,000		(24,396)	396	*	(24,000)
Title I Part A	84.01	S010A150030	NCLB153008	7/1/15-6/30/16	20,778	(2,828)			2,828					*	-
Title II Part A	84.367A	S367A160029	NCLB153008	7/1/16-6/30/17	23,781		4,031	(4,031)		21,300		(27,812)	6,512	*	(21,300)
Title II Part A	84.367A	S367A150029	NCLB153008	7/1/15-6/30/16	24,693	(7,850)	(4,031)	4,031	7,850					*	
Title III Immigrant	84.365	S365A160030	NCLB153008	7/1/16-6/30/17	2,114		2,750	(2,750)				(4,864)	4,864	*	-
Title III Immigrant	84.365	S365A150030	NCLB153008	7/1/15-6/30/16	6,842	(4,172)	(2,750)	2,750	1,422		\$ 2,750			*	
Title IV	84.186A	N/A	NCLB153008	9/1/10-8/31/11	1,513	1,513	-	-	-			-	-	*	-
Total U.S. Department of Education/Federal Awards						\$ (62,846)	\$ -	\$ -	\$ 272,373	\$ 257,919	\$ 2,750	\$ (63,266)	\$ 16,111	\$ 1,513	* \$ (47,155)

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, 2017

State/Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Adjustment	June 30, 2017			MEMO	
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Combined Total Expenditures
State Department of Education														
General Fund:														
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 407,427			\$ 370,382	\$ 407,427			\$ (37,045)			*	\$ 407,427
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	411,749	(37,346)		37,346							*	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	17,063			15,512	17,063			(1,551)			*	17,063
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	14,991	(1,360)		1,360							*	
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	9,750			8,863	9,750			(887)			*	9,750
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	9,750	(884)		884							*	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	9,750			8,863	9,750			(887)			*	9,750
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	9,750	(884)		884							*	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	9,460			8,600	9,460			(860)			*	9,460
Total State Aid - Public Cluster				(40,474)		452,694	453,450			(41,230)			*	453,450
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	44,317			40,288	44,317			(4,029)			*	44,317
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	39,684	(3,600)		3,600							*	
Additional Non Public Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	8,798			8,798	8,798			(8,798)			*	8,798
Additional Non Public Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	8,240	(8,240)		8,240							*	
Total Transportation Aid Cluster				(11,840)		52,128	53,115			(12,827)			*	53,115
Extraordinary Special Education Costs Aid	17-495-034-5120-044	7/1/16-6/30/17	64,188				64,188			(64,188)			*	64,188
Extraordinary Special Education Costs Aid	16-495-034-5120-044	7/1/15-6/30/16	66,732	(66,732)		66,732							*	
TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	524,624			524,624	524,624						*	524,624
TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	560,082	(26,504)		26,504							*	
TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	711,632			711,632	711,632						*	711,632
TPAF Pension - NCGI Premium	17-495-034-5094-004	7/1/16-6/30/17	25,784			25,784	25,784						*	25,784
TPAF Post Retirement Medical Contributions	17-495-034-5094-001	7/1/16-6/30/17	614,435			614,435	614,435						*	614,435
TPAF Long-Term Disability Insurance Contributions	17-495-034-5094-004	7/1/16-6/30/17	752			752	752						*	752
Total General Fund				(145,550)		2,475,285	2,447,980			(118,245)			*	2,447,980
Special Revenue Fund:														
New Jersey Nonpublic Aid														
Auxiliary Services														
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	15,497			15,497	4,031				\$ 11,466		*	4,031
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	4,230	3,469				\$ 3,469					*	
ESL	17-100-034-5120-067	7/1/16-6/30/17	2,284			2,284	827				1,457		*	827
ESL	16-100-034-5120-067	7/1/15-6/30/16	3,624	1,553				1,553					*	
Total Nonpublic Auxiliary Services Aid (Chapter 192) Cluster				5,022		17,781	4,858	5,022				12,923	*	4,858
Handicapped Services														
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	9,719			9,719	4,268				5,451		*	4,268
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	9,197	1,757				1,757					*	
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	15,663			15,663	4,502				11,161		*	4,502
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	7,159	4,600				4,600					*	
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	6,278			6,278	1,412				4,866		*	1,412
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	9,059	7,203				7,203					*	
Total Nonpublic Handicapped Aid (Chapter 193) Cluster				13,560		31,660	10,182	13,560				21,478	*	10,182
Nursing	17-100-034-5120-070	7/1/16-6/30/17	9,810			9,810	9,810						*	9,810
Technology	17-100-034-5120-373	7/1/16-6/30/17	2,756			2,756	2,756						*	2,756
Textbooks	17-100-034-5120-064	7/1/16-6/30/17	6,110			6,110	6,110						*	6,110
Textbooks	16-100-034-5120-064	7/1/15-6/30/16	6,224	124				124					*	
Security	17-100-034-5120-509	7/1/16-6/30/17	5,450			5,450	5,450						*	5,450
Total Special Revenue Fund				18,706		73,567	39,166	18,706				34,401	*	39,166
State of New Jersey Schools Development Authority:														
Capital Projects														
Ridgedale Middle School Replacement of Yankee Gutter & Cornice	1530-030-14-G2FL	N/A	317,380	(1,520)					\$ 1,520				*	272,358
Ridgedale Middle School Window and Exterior Door Replacement	1530-030-14-G2FM	N/A	288,260	(55,253)					1,061				*	272,996
Total SDA Cluster/Capital Projects Fund				(56,773)		54,192			2,581				*	545,354
Total State Financial Assistance Subject to Single Audit Determination				(183,617)		2,603,044	2,487,146	18,706	2,581	(118,245)		34,401	*	3,032,500
State Financial Assistance														
Not Subject to Major Program Determination														
General Fund														
TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	711,632			(711,632)	(711,632)						*	(711,632)
TPAF Pension - NCGI Premiums	17-495-034-5094-004	7/1/16-6/30/17	25,784			(25,784)	(25,784)						*	(25,784)
TPAF Post Retirement Medical Contributions	17-495-034-5094-001	7/1/16-6/30/17	614,435			(614,435)	(614,435)						*	(614,435)
TPAF Long-Term Disability Insurance Contributions	17-495-034-5094-004	7/1/16-6/30/17	752			(752)	(752)						*	(752)
Total State Financial Assistance For Major Program Determination				\$ (183,617)	\$ -	\$ 1,250,441	\$ 1,134,543	\$ 18,706	\$ 2,581	\$ (118,245)	\$ -	\$ 34,401	\$ (8,798)	\$ 1,679,897

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, 2017**

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 Title 2 U.S. Code of Federal Regulations Part 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 an increase of \$1,359 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,449,339	\$ 2,449,339
Special Revenue Fund	\$ 257,919	39,166	297,085
Total Financial Assistance	<u>\$ 257,919</u>	<u>\$ 2,488,505</u>	<u>\$ 2,746,424</u>

**FLORHAM PARK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 \$524,624 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$737,416, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$614,435, and TPAF Long-Term Disability Insurance Contributions in the amount of \$752 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance 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, 2017**

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, 2017**

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
17-495-034-5094-003	TPAF Social Security Contributions

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

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

**FLORHAM PARK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

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, 2017**

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.

There were none.